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The First Year

September 1 marks the end of the grimmest year in the life of this generation. It is true that millions of people remember the World War; but the spiritual distress and confusion of those days were nothing compared with what we are witnessing today. It is also true that the war which began a year ago at first seemed to cause singularly little loss of life; and that even today, the casualties are not on the terrifying scale of the earlier war. But it is no humane impulse that causes this to be true; war has gone into new dimensions, both of attack and defense. Instead of killing large numbers of soldiers, war now kills somewhat smaller numbers of the total population, men, women, children, the strong and the weak. It has become more than ever before in modern times a war of morale, the morale of whole peoples. A year ago we thought the world was badly off; but we see now that the unpredictable future was darker than the recognized past.

Tribute to Poland

Poland, where the war began a year ago, has now totally disappeared as a country, the last little Polish enclave having been annexed to Germany "forever." Yet it is interesting to note that the reputation of the Polish nation has risen in the course of the year. It is true that the country was class-ridden and largely medieval; that its rulers were badly educated for modern life, overconfident and callous to poverty; that many of them were violently anti-Semitic. The belief of the Polish generals that their cavalry with sabres could hold off Hitler's tanks and bombers was childish; their cause was hopeless from the first minute of war.

Nevertheless, the whole Polish army fought bravely while it lasted, and the peasants continued to fight after most of the army had been captured. The defense of Warsaw (remember Chopin's Marche Polonaise played over and over again on the Warsaw radio?) was one of the few heroic episodes in the war. Poland was destroyed as Norway, Holland, Belgium and France have been; but the Poles were far more unanimous in their willingness to die for their country. There were no Quislings or Pétains among them; the Germans tried but failed to set up a puppet government, and finally had to annex the country in self-defense. Perhaps it is better after all to be a live jackal than a dead lion, but the Poles didn't think so.

The New Phase of the War

Hitler's timetable is all askew. A few weeks ago his agents were telling people in neutral countries that the treaty of peace with vanquished England would be signed in Münster not later than August 15; then it was postponed till October 1. The total attack, so often threatened by the Nazi radiorators, was at first scheduled for July; the latest prediction was that it would begin on September 1, the anniversary of the war. There was still question, however, whether it would not be postponed until after Gibraltar had been captured; and on this point there was speculation that the British may have succeeded in buying Franco out from under Hitler's nose.

What seemed most probable was that the magnificent work of the Royal Air Force had been too much for the Germans. The bombing of German military

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objectives has evidently done a lot of damage; and the defense of England has been extremely good. It is doubtful whether Hitler can afford to continue indefinitely those mass raids from which 15 or 20 percent of the planes do not come back; they are now sneaking over in smaller groups, persistently. The new phase upon which we are entering seems to be one of systematic wholesale destruction of everything possible in the other country—factories, railroad terminals, docks, storehouses, even barns and wheat fields. It begins to look as though the end of the war, no matter who wins, would see the destruction of a great part of the productive machinery of the two most highly industrialized countries in Europe.

The Old Man

After his exile from the Soviet Union, Leon Trotsky had a second career that was almost as dramatic as the first. He was Stalin's great adversary. He became the head of an international movement that was at the same time farthest to the left (except for the Spanish anarchists) and curiously conservative in its tactics, laboring under the delusion that conspiracies among the intellectuals and barricades in the streets could still succeed in these days of totalitarian propaganda and flame-throwing tanks. To thousands of his followers, Trotsky was the Old Man, a term of affection that carried an overtone of almost religious respect. Wherever he was permitted to live in exile—whether in Turkestan or Turkey; in Norway, France or Mexico—his house full of guards and secretaries became a sort of general headquarters; it was the capitol of that almost mythical country known as the Permanent Revolution.

It may be that the story behind his assassination will never be fully revealed. One possibility is that it resulted from the almost constant feuds among his followers, some of whom had been proclaiming that Trotsky was no longer a Trotskyite; another is that it was the work of Mexican fascists. There is, however, a fair likelihood that the Russian secret service had a hand in this plot, as in several others. If anyone doubts that the GPU is capable of political murders, he might read the judicial records of France and Switzerland, in the cases respectively of General Eugene Miller and Ignatz Reiss.

Good Ideas from W. W.

Wendell Willkie made several interesting suggestions regarding national defense during the week ending August 27. He proposed a new Cabinet post for a Secretary of National Defense, under whom there would be three lesser officials to take care of the army, the navy and the air force. If elected, he pledged himself to bring this about. As a temporary substitute he would create the post of Secretary of Aeronautics, of equal rank with the present Secretaries of War and the Navy. He also demanded that President Roosevelt name immediately a chairman of the National Defense Advisory Commission who would be solely and squarely responsible for getting action on our preparedness program.

These suggestions all deserve serious consideration. The jealousy and bickering between the army and navy are notorious, and could be a grave danger to us in time of war. National defense is one problem; and it is hard to see why it should be broken down into various parts. There are several good arguments for making aviation a separate and coördinate branch. The war in Europe has shown the immense importance of air power. In this country aviation has been the stepchild of both army and navy. Officers who fought for it were in danger of being disciplined, like the late Colonel Billy Mitchell. As for the appointment of a chairman for the Defense Commission, it seems on its face like sound doctrine. The President of the United States is the hardest-pressed executive in the country. He cannot possibly undertake the job of preparedness on top of all his others; and if we don't get prepared, we may be lost.

Who's Riding the Bandwagon?

On the face of it, Candidate Roosevelt's position would seem to be weakened every time a prominent Democrat comes out for Willkie. But this election is likely to disclose as little regard for party lines as the previous one and Mr. Roosevelt's intra-party losses must be weighed with that in mind. The important question is not whether these people used to be Democrats, but rather what they stand for in terms of social and political objectives.

From that angle it is difficult to see why the President's supporters should be alarmed by the loss of Democrats like Senator Burke, "Alfalfa Bill" Murray and ex-Senator Reed. The defections of these men, like that of Al Smith and Vice President Garner's law partner, are neither calamities nor surprises. It would, in fact, have been surprising had they done anything else. Men like Hanes and Douglas, likewise, are simply being guided by a strong conservative bent when they line up on the side of the big-business candidate. In the long run such losses are not likely to harm the President. If a candidate is known by his supporters, then Mr. Willkie's reiterated claim to liberalism is sure to be questioned by liberal voters of both parties who inspect the riders on his bandwagon.

No Matter How You Slice It

Recent revelations that purchasing agents in the War and Navy departments, in the excitement of a national-defense emergency, are willing to wink an eye at dubious labor standards in the contracting firms, are not surprising. As far back as 1937, these same purchasers showed an admirable eagerness to play ball with the boys. The Walsh-Healey Act requires that any concern

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Among this group, however, they do not include the American Communists who are now shouting that conscription is undemocratic. We shall begin to take them seriously when they advocate that Russia give up universal compulsory military service, which it has had for many years, and rely solely on the voluntary system of enlistment.

All the possible choices before the United States in the near future are grim ones. It is our belief that the grimmest of all would be to lay ourselves open to successful attack because of our failure to recognize in time that the country is in danger.

Business and Blackmail

RECENTLY THERE HAVE been rumors of a conflict of policy between the National Defense Advisory Commission and Thurman Arnold's Anti-Trust Division of the Department of Justice. The general situation seems to be that the industrialists in whose plants our war materials are to be manufactured believe that they can drive a hard bargain and want their own way about amortization terms and excess profits. They also want their own way about anti-trust suits. Our Washington correspondent reported on August 12 that the government is asking the oil companies to make synthetic rubber and toluol. It is said that the National Defense Advisory Commission has asked Mr. Arnold to postpone the anti-trust suits against twenty-two of the major oil companies on the ground that the government needs their loyal coöperation in carrying out national defense.

This is just about the most extraordinary request one can imagine. In effect, the National Defense Advisory Commission says that the responsible heads of these great oil companies are unpatriotic Americans who have to be bribed to participate in the defense of their country. This seems to us a libel on these gentlemen which they themselves should immediately repudiate. There is of course not a word of truth in the suggestion that the actions of the Anti-Trust Division would in any way interfere with the program of national defense. The Anti-Trust Division is concerned with price-fixing schemes and with combinations to restrict production. These things have nothing to do with national defense, which indeed is helped when production is speeded up and prices are kept reasonable so that the country's economic health is sound. And anyhow, to postpone these cases would do the oil companies little good; as things are now, it will be a year and a half or two years before they can come to trial, and postponement would simply drag out the agony. The operations against which the Department of Justice is proceeding are inefficient and wasteful. At the moment when they should be stopped in the interest of national defense, the NDAC is asking that they be continued in that interest! Perhaps the fact that the oil advisory committee of the NDAC is composed of representatives of the big oil companies helps to explain this paradox.

What are the evil practices in the oil industry complained of? Here are some of them in brief summary:

1. By monopolistic practices it is believed that the major oil companies, controlling 85 percent of the production of gasoline, are gouging the American people out of about $300,000,000 a year.

2. For example, the difference in price between ethyl and regular gasoline is two cents a gallon, yet the difference in cost is only ½ cent. This item alone steals from the consumer $75,000,000 a year.

3. The big oil companies own the pipe lines and return to themselves dividends of about 36 percent per annum. With this differential in their favor, they cripple the competition of the small independents, who are forced to build their refineries and to sell their oil only in places near the producing fields.

4. All gasoline is practically the same; most advertising claims for superiority of one brand over another are plain falsehood. Since each service station as a rule sells only one brand, the big oil companies find it desirable to set up vast numbers of unnecessary stations which often engage in murderous below-cost competition to drive the independent station-owner out of business. This burden of excessively wasteful distribution is passed on to the public in needlessly high prices.

This whole question can be summed up in very few words. The United States is now in a desperate predicament regarding national defense. Big business is seizing the opportunity to try to dictate conditions which will go on for decades after the emergency is past, conditions which mean exploitation of the consumer, waste and inefficiency. Are we going to let them get away with it?

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The Lesson of France

I: *Liberalism and the French Defeat*

FOR AN AMERICA engaged in mobilizing its resources against a predatory Germany, fallen France is an oracle that speaks an obscure but meaningful tongue. To soothsayers like Hoover and Willkie "totalitarian liberalism" or the "candystick democracy" of the Popular Front brought collapse; and Roosevelt (except perhaps for the mustache) is just a Blum in disguise.

Let us learn vicariously from the gruesome experience of the French New Deal, say those who believe that national defense and such peacetime luxuries as wage-hour laws, excess-profits limitation or collective bargaining are incompatible. Social reforms act as a brake upon production. You cannot mix the grease of industrial machinery with the tears of humanitarianism.

Indeed, there is a fruitful analogy to be made between the France of 1936 and the United States in 1940, between the issues that confronted the Popular Front and those that today face the New Deal. For both, swift concentration of industry on defense against imperial Germany was the first need of the hour. Living costs in sharp increase contrasted with wages depressed by unemployment; the disparity between agricultural and industrial prices disorganized production and distribution. Labor, restive and growing in organized power, faced industry, fearful of a loss in traditional export trade and yet reluctant to permit the creation of a wider domestic market by any tampering with orthodox price mechanism.

Behind the banner of patriotism and preparedness, business sought a free hand for itself in dealing with a government and labor whose scope of action was to be limited. In 1936 France and 1940 America there was a growing appeasement spirit in powerful circles, an incompetent military leadership closely tied to the old-fashioned ideas of warfare and the interests of business, a cost-plus system of procurement that rewards inefficiency and slackens the introduction of mass-production methods in arms manufacture. New Deal America, no less than Popular Front France, finds its No. 1 defense problem in the mechanization and retooling of industry so as to meet the menace of a German economy streamlined for war. Despite the technological progress we have made, our manufacturing plant is in a dangerous state of obsolescence: surveys by The American Machinist show, for example, that 70 percent of our metal-working equipment is over ten years old, as compared with 65 percent in 1935 and 48 percent in 1930. In the United States, as in France, a government supported mainly by the plain people who believed that the defense of their democracy could somehow be combined with the promotion of social welfare sought to plan in the national interest rather than to permit a business-as-usual control over public affairs.

If, therefore, we look upon history not as an arsenal from which partisanship draws sophisticated weapons, but as a source of illumination, a case-study of the French experience can serve as an almanac for our own days of borrowed time.

Did the reforms of the Popular Front in France, frankly patterned after those of the New Deal, actually operate to hinder the nation's industrial preparation for war? If not, what poisons infected the proudest democracy, the strongest financial power, the bravest soldiery in Europe?

Blum's first accomplishment was the attainment of an accord on certain base-line problems of labor relations. In the Matignon Agreement, signed by the principal employers' association (Confédération Générale de Production), the major trade-union body (Confédération Générale de Travail) and the government, the right of labor to organize and bargain collectively and a foundation for agreements on conditions of employment in specific industries or enterprises were established. Wages were to be raised an average of 12 percent (lower wage scales were to be 15 percent, and upper rates 7 percent, higher).

The forty-hour week with no reduction of wages or the "standard of living" of workers was not so inflexible a rule as it is generally (even by our Wage-Hour Administrator Fleming) believed to be. Overtime was allowed wherever for technical or national-defense reasons it was found necessary. The collective-labor agreements could legally, and in many cases did actually, modify the legislative rule. Thus in 1936 the mining workers agreed to work a 44-hour week because of the threat by the operators to bring in additional foreign laborers; and in March, 1938, strikes in the aircraft industry were settled when labor consented to a forty-five-hour week without overtime pay.

By virtue of this legislation and the collective labor agreements, wages had increased about 40 percent by the end of 1937. During the Blum administration the rise was about 30 percent. But since this improvement was equal only to the increase in the cost of living, it was not a real revolution in the status of labor.

Did the introduction and later the abolition of the forty-hour week and the high-wage policies have a pernicious influence on production, buttressing the charge that France could not afford such social controls?

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Examination of the general index of production by months from January, 1936, to August, 1939, shows that French industry produced more goods more quickly during the Popular Front regime than it did at least six months before or twenty months after. It reveals that with the effective introduction of the forty-hour week beginning in October, 1936, there came a spurt in productive output which ended only when, in 1938, Daladier took the reins. It discloses that French industry was at its lowest ebb in the early fall of 1938 (Munich) and that not until March, 1939, did production, under the imminent threat of war, reach the same levels it had attained under the Blum regime.

In the extraction and smelting of metals, the industry which is at the base of armaments production, an examination of the output indices shows also that the shorter work-week and wage increases could not have been the factor that brought a 25-percent decrease in production from the first five months of 1937 (under Blum) to the last five months of 1938 (under Daladier). For, immediately after the application of the shorter work-week to the metallurgical industry, toward the end of November, 1936, production suddenly spurted and remained relatively high during all of 1937, only to collapse in March, 1938 (the first Czechoslovakian crisis), and stay sluggish during the remainder of the year. The wages-and-hours legislation was followed by a 20-percent increase in output for the first half of 1937 as compared with 1936. It was not until April, 1939, that the French metallurgical industry reached the same level of production it had attained under the Popular Front over two years previously.

Average Index of General Industrial and Metallurgical Production in France for the First Six Months of Each Year 1936-1939, According to Government in Power
(1928 base)

Government	*First Half of*	*Gen. Industrial*	*Metallurgy*
Laval	1936	85.9	69.1
Popular Front	1937	91.5	83.1
Chautemps-Daladier[1]	1938	84.1	71.8
Daladier-Reynaud	1939	94.0	86.8

[1] Between the Chautemps and Daladier periods from March to April, 1938, Blum was again Premier for one month, but not as a Popular Front leader and without the introduction of any characteristic parts of its program.

The contrast is even more striking when we examine the metal-manufacturing industries whose output is the primary guide to the potential war strength of a country. During the period that immediately followed the forty-hour law, from October, 1936, through June, 1937, the index of production was over 85 for all nine months. In the Chautemps period this rate was attained only during four months; and under Daladier until the beginning of 1939 this relatively high figure was never reached. Before the Blum regime and the introduction of the forty-hour week (during the first five months of 1936) the average index output for metal manufactures was 77. During the first five months of 1937, with the forty-hour week established and with wages higher by almost 30 percent, the index averaged 90, an increase within a year of almost 17 percent. Two years later, during the first five months of 1939, after the forty-hour week had been modified and all energies were strained to meet the war emergency, the average rate of production was only 3.4 percent higher than it had been under Blum.

Dividing the period from October, 1936, to January, 1939, into three nine-month periods according to the government in power, the average index of monthly production in metal manufactures is seen to be almost 18 percent higher under Blum than it was under Daladier more than a year later.

Average Monthly Index of Production in Metal Manufacturing Industries (Including Automobiles) in France According to Government in Power. Three Nine-Month Periods from October, 1936, to January, 1939

Government	*Period*	*Aver. Index*
Blum	Oct. 1936 - June 1937	88
Chautemps	July 1937 - Mar. 1938	85
Daladier	Apr. 1938 - Dec. 1938	75

If, as seems clear from these indices, the welfare measures of the Popular Front did not, when they were introduced in 1936 and 1937, have any apparent depressing effect upon the national-defense industries, what were the factors that determined the sharp decline of production in 1938 and the upturn in 1939 which barely surpassed the level attained two years before? If social legislation were the opiate that slowed up production, the narcotic effect should have been immediately noticed. Perhaps in the explanation of the paradoxical increase in production with the shortening of hours and increase in wages, we may find the answer to the problem of France's collapse in 1940.

In a flexible economy, the effect of an increase in wage costs for the manufacturer is the impulse on his part to reduce these charges by the introduction of labor-saving machinery, mass-production devices and greater efficiency in plant operation.

Now, this necessary process of industrial reconstruction apparently did begin to operate in France in the first months of 1937, primarily under the impulsion of the wages-and-hours legislation of the Popular Front. An indication that labor became more productive after the introduction of the wages-and-hours legislation may be obtained by comparing the months of April, 1936 (before the Popular Front), with April, 1937 (when the social reforms were in full sway). While hours worked fell by five percent the output of industry increased by three percent, a rise in productivity per hour worked of eight percent. The increase in labor intensity was even greater in the producers'-goods industries, where output rose by 10 percent in April, 1937, as compared with the same month in 1936, while the number of hours worked fell five percent.

In the mining industry, using December, 1935 (48-hour week), and December, 1936 (44-hour week), as the fixed points of comparison, output increased

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11 percent, while the number of man-hours rose less than one percent. Hourly productivity per worker jumped eight percent in the space of a year:

Production, Employment and Hours in Metallurgy

	Dec. 1935	*Dec. 1936*	*Percent Increase*
Weekly Hours	48	44	...
Workers	22,820	25,107	10
Man-Hours Worked Monthly	4,381,440	4,418,832	.009
Output Monthly	2,640,000	2,869,000	11
Productivity per Man-hour (tons)	.60	.65	8

Although unfriendly to the Popular Front wage-hour legislation, a French engineer, R. P. Schwartz (writing in Factory Management and Maintenance), and an economist, Henry Laufenberger (in La France Economique in 1937), admit that inquiries made of various efficiency experts in the mechanical industries indicated the increase in output during 1937 was principally due to rationalization and retooling under the impulsion of higher labor costs. Despite the fact that the work week was shorter and there was no increase in personnel, Schwartz reports, "in a chain and transmission-gear factory, thanks to new equipment installed, the weekly output is now bigger than it used to be under the forty-eight-hour week."

Early in 1937 large machine-tool orders came so rapidly that, as Laufenberger observed, "French industry was not able to keep up with them." Imports of such machinery in 1937 increased by 68.5 percent. The smelting of iron rose 27 percent and the production of steel 19 percent from 1936 to 1937, reflecting the freshened impetus toward industrial mechanization. Indeed, as compared with the increase of iron and steel production in Germany (3.5 percent), Great Britain (10 percent) and the United States (13 percent), France (22 percent) could show greater progress from 1936 to 1937 than any other country.

The unexpected rise of the output index for electrical energy in 1938 also bears witness to the stimulus given in 1936-1937 toward the mechanization of French industry. For, despite the eight-percent decline in industrial production in the first six months of 1938 as compared with the same period in 1937, the index of electrical-energy output rose eccentrically by eight percent. Because of the nature of the machine industry and the length of time required to produce advanced labor-saving devices, this spurt of mechanization in 1938 may be attributed principally to the impulse in 1936-37 toward plant renovation.

Was the modification of the forty-hour week by the Daladier-Reynaud decree laws of November, 1938, and April, 1939, the factor that created the upswing in production in 1939? If so, there would be some strength in the conclusion that France in 1937 could have further increased output and in 1938 prevented the recession by chucking the short work-week. What are the facts? *Simply that French labor was putting in a longer week during the first quarter of 1937 (after the forty-hour law had been installed) than it was during the same period in 1939, when the law had been abolished.* In the heyday of the Blum regime the average work-week was almost five percent longer than it was after the decree-laws had permitted employers to keep their men at their benches up to fifty hours a week:

Average Length of Work Week, 1937 and 1939

(First Quarter)	*Average Hourly Work Week*
1937 (Forty Hour Law)	42.3
1939 (Fifty or more)	40.2

Source: Bulletin of the Ministry of Labor, statistics based on monthly inquiries in plants with more than 100 workers.

Yet industrial production was about equal in the first quarter of 1939 to output in the same span of 1937. Mechanization and an eight-percent increase in the number of workers employed made up for the reduction of hours in the 1939 period.

Did the social legislation of the Popular Front so discourage the large entrepreneurs through a reduction in their profits that they feared to make new capital investments looking toward increased production? Surprisingly there was a significant increase in the profit margin of business. Wholesale prices for industrial products increased 60 percent from April, 1936, to April, 1937. Since raw material and labor costs rose only at about the same pace, what remained to the entrepreneur as profit after paying prime costs also must have increased by at least 60 percent.

The only class that suffered a decline in purchasing power were the *rentiers*, dependent principally on bond income, and government employees with fixed salaries. For example, while from 1935 to 1937 the price index for bonds fell from 83 to 75, stocks with variable revenue were rising from 186 to 227.

One economic malady, however, was not adequately treated by the Popular Front Government; and out of this failure was to spring its defeat. Although domestic industry was becoming more profitable, and the way had been opened for the replacement of old machinery and old production methods by new operational devices that would have brought French production to a level commensurate with defense needs, capital was fleeing the country. In forsaking local industrial opportunities and responsibilities, it was preventing the expansion that the Popular Front legislation had promoted. The Popular Front Government naïvely believed that the ordinary banking channels would, because of the attraction of profits to be made from industrial investment, willingly carry the load. But the capital market was no pendulum that responded automatically to the gravitational rules of supply and demand. Political motivations had magnetized the mechanism.

It cannot be said simply that profits were placed

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before patriotism, because there were profits aplenty to be made through investment at home. Yet, at this crossroad in the destiny of France, with war threatening against a Germany that dictated and did not dicker over capital investment, the productive strength of the nation was sapped by the perverse instinct of the possessors of large capital funds to prefer safe-deposit boxes in Manhattan or Threadneedle Street. When that fateful course was taken in the spring of 1937 a great deal more than an unruly people's government was overturned; the suicide of France was silently decreed.

MELVIN M. FAGEN

This is the first of two articles.—THE EDITORS

Letter to MacLeish

THE GENERATION TO WHICH men like Mr. MacLeish belong is dissatisfied with its successor. It lacks, they think, the kind of understanding about this war which suggests a real grasp of the meaning of liberalism. We hear, of course, ever faint rumblings of the controversy at this distance; and I must confess that, when I read of Mr. Macleish's attributing it, even in part, to too much reading of Ernest Hemingway and Walter Millis, I am compelled to think that, even if he is entitled to his dissatisfaction—which, as a teacher who has seen, both in Europe and America, a good deal of the younger generation, I take leave to doubt—his explanation is a superficial one. But, in fact, I hazard the judgment that the American undergraduate of today is far more interested in, and far more serious about, the vital questions of politics than ever he was in Mr. MacLeish's time; and I have a vivid memory at least of the Eastern colleges in those years.

It is, I think, nevertheless disturbing to read of the ease with which the college youth of America have swallowed wholesale the easy isolationist and communist slogans about the war. But I think the reason for that ease is very different from anything either Mr. MacLeish or those who think with him have indicated. I suggest that its roots lie in three directions, and that the responsibility for each of them lies not with the undergraduates now in college, but, on a general view, fairly precisely with the generation to which Mr. MacLeish, and I, for that matter, belong.

The first root is the general malaise of our time, the index to the collapse of a historic civilization in which America shares. The war is an expression of that malaise and that collapse, and the new generation, not unnaturally, has the sense that it is being asked to be its victims without any certainty that its sacrifice will bear fruit. I think it knows, just as well as Mr. MacLeish, that Hitlerism is ugly and evil. What it wants to be assured of, and what it is skeptical about, is that a victory over Hitlerism will be a victory for the things it cherishes. I suspect that it knows well enough that the intellectuals, like Mr. MacLeish, would wage war against Hitlerism for the same ends as the new generation itself. But it also suspects that the power of the intellectuals in the settlement will be less influential than the goodness of their intentions. Certainly it was so in the last war. The Peace of Versailles was not exactly the settlement for which Herbert Croly and his colleagues urged the entrance of the United States into the last conflict.

The second root of their attitude is the internal condition of America itself. I do not need to remind Mr. MacLeish that "America Was Promises." The last war brought the ugly epoch of the boom. The New Deal has brought something like a revolution in ideas, but it has not changed either the economic or the political foundations of a civilization that has still to fulfill its promises. I can understand why the new generation feels that crusading begins at home. I can understand why it suspects those who, while they excoriate Hitler and all his works, are not disturbed by sharecroppers and the infantile death rate in San Antonio.

The third root of the distress Mr. MacLeish feels is in the organization and teaching of the American college, especially in the social sciences; this is so complicated a problem that I can only touch on its substance. But Mr. MacLeish must know, nowadays, even better than I do, that the government of American colleges is very largely in the hands of the business interests, and that their main anxiety is to prevent the winds of liberal doctrine, even more, of radical doctrine, from blowing through their halls; and in this they have been strikingly successful. A new economics is needed for a new America; is this likely to come from the economists in the colleges? A remaking of American political philosophy is required for a new America; are there ten teachers of political science in the colleges who are making it? And is not the best work in American history being done largely either by people like Charles Beard, whose academic experiences are well known, or like Louis Hacker, who hangs, a little perilously, on the periphery of a great university? Are the undergraduates made to feel that the colleges are places where truth can be freely hewn from the raw materials of life?

Mr. MacLeish, I am confident, must be aware that most undergraduates in the American colleges feel that there is a big, confused and angry world outside their halls, the nature of which, the conflict of values in which, hardly gets into the classroom. The social

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sciences in America have tried to be "impartial" and "detached"; which mainly means that their practitioners have largely sought to avoid analyzing the basic assumptions upon which they were built. But we are in a period in which it is unavoidable that basic assumptions should be examined; for it is precisely these that have been called into question. By avoiding them, not seldom by concealing them, even, the colleges have failed their undergraduates badly. They have either left them with no philosophy at all with which to confront a crisis which supremely calls for a philosophy, or, only too often, they have left them to worship at the shrine of what William James called the "bitch goddess success."

I do not say for a moment that there are not, here and there, colleges in which this vital task is being performed; I know there are. I do not even say that the standard of American scholarship is not at least as high, and its product as important, as at any time this last twenty-five years; I am sure it is. I do say that, by and large, the task of asking fundamental questions is evaded in the colleges, and that if they were asked, the trustees would be alarmed at the resulting situation. Most teachers know perfectly well that "sound" men only are wanted and that, mostly, "sound" men will go quickly up the ladder of promotion, and since most men are not heroes—why should they be?—most of them take care to get, in the colleges, the reputation for being "sound" men. That is why so much of the best work in international politics, in recent years, has come from American journalists and not from American teachers, from people in the service at Washington and not from the teachers in colleges.

These are, I know, truisms, and some of them men like Robert Lynd have set out with a courageous emphasis which cannot be too highly praised. If Mr. MacLeish wants really to tackle the problem of the younger generation, then he should bend his great talents to setting American teachers free and American scholarship free. The students are not led astray by Hemingway and Remarque and Walter Millis. Mr. MacLeish knows how much of what they had to report is true. I add that, if he does not, I should like him to see the men from Dunkirk whom I have seen, and I think they will be able to convince him that the writers whose influence he deplores had grounds for the analysis they made. The problem is the provision of a perspective that analyzes; and that perspective will only come when the teachers in the colleges are free to supply it without fear of the interests they are now, consciously or unconsciously, predominantly made to serve.

So I look to Mr. MacLeish to enlist in this crusade. I suspect that service in its ranks will take him a good deal farther than he knows. There will not be free teachers in free American colleges until there is an America the citizens of which have an equal interest in the results of their teaching. And those who stand in the way of that equal interest are powerful people; I have tasted of their strength and I know of what I speak. Their habits are set out in the long volumes of the testimony before the Senate Banking and Currency Commission in 1933-34 and before the La Follette Committee on civil liberties only the other day. Henry Ford, with his hired army of thugs and his underground connections with Father Coughlin; Tom Girdler, Frank Gannett, William Randolph Hearst, the du Ponts, the economic royalists in general, set the perspective of the world into which the new generation enters. I do not think Mr. MacLeish ought to blame that younger generation for finding a certain disproportion between the reality of the facts and the announcements by which, intelligently enough, the rulers of the world seek to make it seem less ugly.

Heaven knows that in this beleaguered isle of ours I know that the defeat of Nazism, its complete and crushing defeat, is the price of a tolerable civilization. But I also know that this defeat depends upon our power in Britain to evoke the dynamics of democracy. To evoke it, British privilege must pay the price every social order must pay which seeks the road to freedom. It must prove its capacity for a fellowship built upon equality. To prove that capacity it must show at home and in the empire that the freedom for which it is concerned is not merely the preservation of those vested interests which are the main enemy of its power to win. The reader of this literature about whose influence Mr. MacLeish is fearful is no more hostile to the real interests of democracy than the reader who finds in Marx and Lenin the clue to our present discontent. For it is by meeting those discontents with understanding and magnanimity that Mr. MacLeish's generation and mine will give the younger generation the secret of a victory for freedom.

London HAROLD J. LASKI

Two Loves

That her serene influence should spread
An afternoon of soft autumnal light
Is to my heart not unaccountable
For she was young, and is not dead.
And still her cheek is red and white.

But that this stealthy still insistent power
Pervades my mind and will not slumber me
Is delicate woe and glory hard to bear;
Her life lives in a ghost-wrought hour,
From whose chill spirit I am not free.

The one was willow to an ardent touch
And she was mood that had a right to die.
But she, the other, the passion of my mind
Long-living still, does overmuch
Come from the dead, and from the sky.

RICHARD EBERHART

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The Coming of Superman

IT WAS only two years ago that Superman was first revealed to the youth of this country as the leading feature of the pulp-paper magazine, Action Comics, and also in the form of a syndicated comic strip which only a few newspapers at the time thought worthy of printing. But the response which greeted his appearance was so enthusiastic and so immediate that already Superman has surpassed such long established classics as Little Orphan Annie, Dick Tracy and Popeye. According to Time magazine, the strip appears in seventy-seven dailies and thirty-six Sunday papers, while magazine editions of Superman's super-exploits run into a million and a half copies.

Who is this Superman? To those parents who are still unaware of Superman's existence it might be wise to offer a word of explanation. Superman is not of terrestrial origin. He was the sole survivor of the extinct planet Krypton (it blew up quite suddenly), arriving here in an interplanetary projectile as an infant. Like Oliver Twist he was raised in an orphan asylum, where at an early age he manifested his extraordinary gifts. Though to all outward appearances he is now a normal young man of twenty-five, these gifts include such attributes as a skin impervious to knife or bullet, the ability to leap over skyscrapers, to run faster than an express train, to soar through the air, crush steel or rock in his bare hands, scale buildings like a fly, catch cannon balls in mid-flight and lift and smash tremendous weights. He can also on occasion render beautiful young ladies unconscious by pressing a nerve situated at the back of the neck.

But not only is he, Superman, performing feats of unparalleled splendor; he is, under the alias of Clark Kent, the star reporter of The Daily Planet. Disguised in spectacles and a blue sack suit (his official costume as Superman consists of a blue jersey and tights, red trunks, buskins and a flowing red cape), he brings back one scoop after another, all of them reports of his own exploits—a pretty neat arrangement for any journalist. In the spring edition, No. 4 of Superman magazine, three of these exploits are recorded in full and accurate detail. The first begins with the city editor of The Planet sending Clark out to cover an earthquake which is ravaging the city of Metropolis. Any other reporter might have quailed at handling such an assignment single-handed, but Clark slips behind a door labeled "Store Room," quickly dons his official Superman costume and is off. He reaches the scene of desolation in the twinkling of an eye and "springing into action, supports tottering buildings while terrified occupants dash to safety." Then with "the grateful cheers of thousands ringing in his wake" he dons civilian clothes, hands in his story and is complimented by the city editor for his dazzling stroke of reportage.

However, Superman has in some way discovered that the earthquake is not the result of natural causes but of a new army weapon that has "run wild." He therefore visits the laboratory of its inventor, but upon reaching the place he is conked by a bald-headed man in a white jacket. Superman thereupon feigns unconsciousness (he can temporarily stop the beating of his heart) and is pitched out of a high window to a "mangled death." In falling, however, he catches hold of a ledge ten or so stories below, somehow manages to get into his Superman outfit and starts climbing up the side of the building. While doing so he is observed upon a television screen by a man with red hair who instantly orders him bombed. But Superman, who has gained a window-ledge, catches the bomb much as an adagio dancer might catch a partner, crying, "This thing has got to stop!" And "with a flip of his wrist the bomb hurtles back to its source."

The story now begins in earnest. The sinister-looking individual with red hair (he has cauliflower ears in the bargain) turns out to be no less a person than Luthor, the mad scientist, who "plots to dominate the earth"—a character endowed with fictional potentialities almost as stupendous as those of Superman himself. So the titanic contest between these two protagonists proceeds, and though I have outlined only the introductory flourishes, it is not difficult to imagine the tone and direction of subsequent events.

Neither is it, to those versed in primitive myth or to students of the blacker arts of modern demagogy, difficult to understand why this new comic should have become so generally and so fantastically popular. For Superman, handsome as Apollo, strong as Hercules, chivalrous as Launcelot, swift as Hermes, embodies all the traditional attributes of a Hero God. He is, moreover, a protective deity whose role, according to the authors, is the "savior of the helpless and oppressed." In other words, the comic strip, besides affording entertainment for the romantic young, seems also to fill some symptomatic desire for a primitive religion. And though one cannot help wondering if Nietzsche, sourly contemplating Time's Ruins, would consider this popular vulgarization of his romantic concept with equanimity, even as Swift may shudder over the final and ironic destiny of his Gulliver, I, at least, cannot share whatever disapprobation he may feel. For in Nietzsche's own native land and in the neighboring country where he lived, it is not the children who have embraced a vulgarized myth of Superman so enthusiastically; it has been their elders.

SLATER BROWN

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Washington Notes

While Defense Waits

THE REPUBLICANS' CAMPAIGN STRATEGY is becoming reasonably clear. They hope to convince the country that the administration's armament efforts have failed and hang the failure around Mr. Roosevelt's neck. Mr. Willkie already has fired a few exploratory salvos in this direction; Ernest Weir, the party's money collector, made the accusation in a recent message to his National Steel stockholders.

Mr. Roosevelt has failed—so says Mr. Weir—to give real power to the business men on the National Defense Advisory Commission. Moreover, the NDAC, within itself, is headless. Mr. Knudsen, Mr. Stettinius and their colleagues are all equal in status; no one person has responsibility. Hence, the present bogging down of the program, and the need of Mr. Willkie's triumph in November.

Mr. Weir's accusations are factually true. The NDAC is wholly without statutory powers, and has no boss. But, after investigation, I am convinced that neither of these weaknesses has practical importance. The NDAC hasn't needed legal authority; its "advice" has been accepted by government officials and contract-seekers with exemplary promptness. And it hasn't needed a boss; its seven commissioners have coöperated—so far, at least—in a glow of patriotic enthusiasm.

The armament program is being held up by quite different obstacles. They form a complicated story, and one of which it will be hard to make political capital. The chief concrete barrier, of course, is the amortization-excess-profits measure. Business men won't sign contracts calling for plant expansion until this bill is passed. In the words of Phil Murray of the CIO, they are waiting for the gravy boat.

However, what airplane and armor-plate manufacturers are concerned about is the amortization half of the measure. And the amortization provisions were voluntarily promised to them by the administration. On excellent authority, it may be said that Mr. Roosevelt, as far back as the first week of July, reviewed the amortization proposal phrase by phrase, and heartily endorsed it.

The amortization proposal, consequently, must be considered as non-controversial. The hitch comes over the other half of the measure, the excess-profits provisions. The opposition here comes—contrary to the general impression—not from munitions-makers as such, but from a wide array of industries.

More than a month ago, the Treasury prepared a draft excess-profits bill estimated to yield some $600,000,000—which seems modest enough when the country is preparing to spend more than ten billions. However, the permanent business lobby here growled a few experimental growls, with sudden, amazing results. Chairmen Harrison and Doughton of the Senate and House finance committees hastily produced a substitute measure, estimated to produce a relatively insignificant $190,000,000. Mr. Doughton trotted off to the White House and received, or professes to have received, Mr. Roosevelt's blessing.

Right here is where the trouble began. The business lobby convinced itself that—because of the election campaign—the White House and Congress could be pushed around at will. I think it is accurate to say that originally most spokesmen were ready to accept the Harrison-Doughton schedules. Business magazines praised them effusively. But, of course, there is no such thing as a "fair" tax bill. Corporations making, or hoping to make, high returns began discovering reasons why they should have special treatment, and bombarded their Senators and Representatives. In no time at all, the bill became an electrically charged time bomb, which it still remains. The crime, if there is one, is that the administration surrendered unnecessarily before big-business greed. If Mr. Willkie can make capital out of that, let him try. It is predicted that the amortization-excess-profits bill will pass, probably in the second week of September, after which the armament program will again lurch forward.

Washington T. R. B.

Other People's Money

South American Adventure

A HOUSE COMMITTEE has reported out favorably—and by this time, perhaps, has acted on that precious improvisation—the plan to use a half-billion dollars through the export-import bank to aid South America.

This is another of those measures which reveal the tendency of our State Department to take over the direction of our economic policies as well as our diplomatic and military ones. It was the child of haste. A sudden alarm sounded through the corridors of the huge granite barn where the State Department functions. "Quick! Hitler is knocking at the doors of South America. He is 'penetrating.' Something must be done and that at once. What ho, Henry, the check book!" For no matter what evil visitation afflicts us or any part of the earth, the remedy, under this dispensation, is to be found in the check book of the national government. And so the State Department, as quick as you could say Henry Morgenthau, decided that the way to drive Adolf Hitler out of South America was to dump a half-billion dollars of government money there.

Conceived in haste, the plan seemingly has not fallen with grace upon the ruffled spirits of Congressmen. It is said that it was having rough going in committee and that finally a rule was obtained to report it out. Why, do you suppose? Because it would save South America? No, but in order to save the face of the State Department. The face of the State Department may be a very beautiful one, but I doubt if that face is worth a half-billion dollars.

There is a feature of this plan which seems to me just ground for suspicion about anything purporting to deal with South American trade. I am informed—and very much to my surprise, though why anything should surprise me now I do not know—that Mr. Earle Bailie is closeted in the State Department directing or at least counseling on its South American affairs. Mr. Bailie was in the State Department once before as fiscal adviser of Mr. Morgen-

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thau when he first took office. When that became public this column notified various persons in Washington through this medium of Mr. Bailie's career. It is a fact that at least one powerful Senator at that time threatened to fight Mr. Morgenthau's confirmation as secretary unless Mr. Bailie left the Treasury Department—which he did. Now he is back in the State Department. And certainly he knows about South America. The bones of many scores of millions of good American dollars whiten the fields of Chile as a result of Mr. Bailie's operations there. But this is merely by the way.

Under the plan now before Congress, $500,000,000 is provided for the Reconstruction Finance Corporation to make loans to South America to increase our exports, to assist her industry and to help industrialize that continent.

How loans are going to assist our exports thither I do not know. If it were just to finance the movement of goods I could understand. But these are to be long-term loans. And, furthermore, short-term loans to finance mere commercial transactions are not lacking. South Americans will buy goods from us if they have goods which we will buy in return. And as we will not buy their goods they cannot buy ours save with balances they have from trade with other countries or with long-term loans from us.

But we have already had some experience with loans to South America and with the resulting trade. There is outstanding now something like $1,600,000,000 in American loans in South America. And $1,250,000,000 of that is in default. If our purpose is to create good will I can think of no worse way to do it than to establish a defaulted debtor anywhere south of the Rio Grande. Nations do not love the people to whom they owe money. Europe owes us eleven billions and has repaid us with a mountain of hatred.

As a matter of fact the plan can hardly be to finance exports. It was conceived as a device for helping South America hold her unsaleable surpluses. And no better reason for it has been discovered since that one seemed foolish. But as it was pumped up by the State Department and the President it must be put through to save faces.

Brazil raises cotton. Cotton was once our principal export commodity. Our AAA program, which took cotton off the farmers' hands and stored it instead of exporting it at whatever price it would bring, has now resulted in two weird consequences: (1) It has built up for us a cotton surplus of 12,300,000 bales—equal to a whole year's production. (2) It has also destroyed our export market, which encouraged Brazil—among other countries—to increase its production. So now Brazil finds she cannot sell her cotton because the English blockade shuts out her best customers. Brazil and the United States both have surplus cotton. Our government has loaned huge sums on our 12,300,000-bale surplus of cotton to hold it off the market. But now, while confronted with that, it proposes to use American money—farmers' money included—to enable Brazil to build up a still greater surplus to still further bedevil the problem of the American cotton farmer. What is proposed for South American cotton farmers is also proposed for the wheat, flaxseed, beef and wool farmers of the Argentine; the nitrate and copper interests and wool farmers of Chile; the hide and beef producers of Uruguay. For this purpose a half-billion dollars will be a drop in the bucket for one year. The thing is so preposterous that it is impossible to believe it will ever be done even if the law is passed.

England has ruined South American trade with the blockade. I do not see how England can be blamed for that, since she is fighting a bloody war. But the United States has extended to England every assistance—moral and physical—in making that blockade effective, which seems to indicate that our interest is far more in England than in South America. Having assisted in ruining South American trade and thus cultivating an inevitable crop of bad will, we now propose to buy the good will back with a half-billion dollars. And, alas, we will not get what we pay for. Between 1925 and 1929 we loaned $940,000,000—and lost eighty cents out of every dollar—and enjoyed an export increase of $165,000,000. The game is not worth the candle on this basis.

JOHN T. FLYNN

One Thing and Another

THE TWO REASONS why you will want to see "The Return of Frank James" are that Fritz Lang directed it and Henry Fonda is in it. Frank was the brother of Jesse, who really wasn't a bad boy but was shot in the back by the Ford brothers. According to the story, Frank comes out of his disguise as a farmer when the Fords are pardoned, and finances his cruise of vengeance by robbing the payroll of the railroad that was actually behind the Fords and had hounded the whole James family (he did it in a considerate way and anyhow the trains probably didn't run on time). But about the time he got near the assassins, Frank met the girl, and you know what that means. The story ends with a trial, a shooting fest in the local stables, and a meaningful look at the girl—who may have been in the wild West but had taken a power of elocution lessons, damn her.

As to the way the picture moves, I think it can be said that it does, because there is a lot of chase and horses and some pretty spirited stuff around frontier towns. I doubt if any character was ever as lily white as that of Frank James here, but that is a present from the Hays office to you, and anyway the part is played by Henry Fonda. Durn if I don't like that boy. I remember the first picture he played in, with about as much expression as an empty paper bag, and now he is playing Abe Lincoln and hardcase heroes and chewing plug-cut—and making everything slow and easy and right. Henry Hull still thinks that character in acting means raising dust from the floorboards; otherwise the support—Jackie Cooper, John Carradine and a swell station agent—is good. You might as well go see what they're up to.

Our-Boy-Was-Robbed Department.—I've been going back over a lot of the revival films recently, in various holes and corners, and it is a sad fact that the print you see of a picture six months old is not the picture your critic saw in a projection room or your friends saw in the first-run houses. The print rapidly gets dim and sometimes tattered; sometimes the soundtrack is chewed up here and there. And sometimes you have the double bad luck to get a theatre with cheap or faulty equipment in the vital factors of projection, reproduction, screen. About this I suppose nothing can be done, as the best equipment is an expensive proposition. But it isn't too much to ask that prints be re-

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tired when they begin to falter. After all, a movie has paid off long before it gets into this stage, and if companies are going to continue taking in rentals for a picture, they can stand the cost of reprinting. You can't sell for five cents a picture postcard that has been kicked halfway across the country's mails; you can't get list prices for some beat-up phonograph record—why department stores have to knock off up to 50 percent for a little washable dirt on linen or scratches on the sole of a shoe. But the movie public is still dumb enough to set this kind of chiseling down to "bad photography" and so long suffering that they will pay their patient money for damaged goods until some bright exhibitor begins to steal his competitor's patrons by advertising a FRESH PRINT, or more to the point: YOU CAN ACTUALLY SEE THEIR FACES. OTIS FERGUSON

The Bandwagon

While my chauffeur was driving me along Beacon Street recently, he called my attention to the so-called Frog Pond. It had been drained of water. I thought immediately what a beautiful rock garden could be planted there.

This basin is now used for bathing purposes by children. I would not for the world deprive these little creatures of a cooling immersion, but I am told that there are adequate facilities elsewhere. Could we not try the experiment for one year? We would have something comparable to the flower show, to which I look forward joyously every year. – *From a letter to The Boston Herald.*

Having compromised in the Tientsin dispute and closed the Burma Road over which China has been obtaining a large proportion of war supplies for her struggle against Japan, the British feel they have gone pretty far along the way of appeasement and that they have been poorly paid for their gestures of friendship. – *London dispatch printed in The New York Times.*

CONSCRIPTION CASTS ITS SHADOW OVER DEBBIES. Conscription means just one thing to future debutantes—scanty stag lines. – *From Nancy Randolph's column in The Daily News.*

Leland Hayward has purchased 26 acres near Albuquerque and intends to move his wife, Margaret Sullavan, and their child there. He fears a Japanese invasion in California. – *From Sidney Skolsky's column in The New York Post.*

Not a Peep

Congressional opposition [to the draft bill], despite mounting piles of mail from every section of the country, has been timid, cautious and compromising. Senator Capper called the draft a blow "at the heart of personal liberty and personal freedom"; Senator Nye said, "Compulsory military training can bring us nothing but a breakdown of the American way"; Senator Norris called the conscription bill a "murder" draft to convert the United States into a militaristic bully; Senator Wheeler has pledged to fight the bill to the bitter finish in the Senate. – *Editorial slant from The New Masses.*

Don't You Mean Ignohominy?

The new man, moreover, comes in at a time when Democratic prospects are clouded with uncertainty; when, as it now appears, the Democratic cause is going to demand redoubled effort and indignity on the part of its managers. – *Washington dispatch in The New York Post.*

If You Mean Upon, Say So

CAMPAIGN PLANNED ON AMERICANISM
Associated Farmers Will Direct Activities
–Headline on a news story in The Los Angeles Times.

Our readers are invited to contribute to this column; $1 will be paid for each item used. Address Bandwagon, care of The New Republic. Please enclose the original clipping. – THE EDITORS

Correspondence

Just Before the Battle?

SIR: It is difficult to write *shortly* when one is in a hurry—and I am in a hurry. We're turned out of this house (which we've had for thirty-five years) and given only an indeterminate short time in which to move (probably forty-eight hours from now). We've found my mother a house in the village and ourselves, we hope, temporary lodgings. Everything has hotted up locally and personally I don't like it much. I think I am not one of the people who is improved by war. I don't find myself feeling anything much beyond fatigue and fright and extreme irritation; but this is so personal as to be worthless as an indication of feeling. Everyone simply intensifies, as we grow tired or hurried, and I was a child of 8, 9, 10, 11 in the last war, and the legacy of raids then is being paid now. I think, too, there is a great deal of sense in MacLeish's theory of post-war propaganda, but it goes a bit deeper than he troubled to state.

We're all extremely pleased with the RAF. I watched an amazing exhibition of flying just over this house today. I'm a good car-driver (in the sense that one could be a good skater) and I nearly burst with envy at the methodically narrow cornering and the swallow-flight style. A man who drove some of us from Port-Bou in 1937, in a Rolls Royce, tried that—and it must have felt just the same to him—but he wasn't one of the people born to it and I'm afraid that car was ruined. My temper was, I know. But I wouldn't have felt at all cross if I'd been in one of those Spitfires; they flew like angels.

Anthony Eden and General Gort were visiting somewhere around just lately, and the villagers thought Churchill was coming. They stood in bunches and groups and crowds, and they were furious to be fobbed off with anyone else. Churchill is very popular, very well trusted, and they call him "Winnie" and laugh at his cigar, though not many people remember his funny hats. Although people are enthusiastic about the RAF they feel also an enormous confidence in the navy and, from observation here and at Frome Vauchurch, I should say hardly anyone among the ordinary civilians thinks seriously about "blitz-invasion." Some people have fearful scares about it, but at present such frights are apt to take fortuitous shapes, and they don't necessarily believe in their pictured terrors—they're just rattled. That's to be expected and I don't believe it will make much, if any, difference in the way they behave if Germans really do arrive on their doorsteps. But it is true, emphatically true, to say that everyone barring simply the old (over 60) "comfortably-off" women (all of them, and only a comparatively few of their men) is completely shocked and horrified by the *state of war*—while again, very few people think they know any other way of acting under present conditions.

Our greetings to you. The New Republic gives us what we very much need, and we hope desperately that this, anyhow, will continue to reach us. Your people should insure that a copy is sent in every Bundle for Britain!

Winterton, Norfolk, England VALENTINE ACKLAND

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Billions for Appeasement

SIR: Please let me congratulate you on your August 12 issue. You are right about "Not Enough Jitters" but don't get jittery over that false and silly story about the Russians establishing an air and submarine base on Big Diomede Island in Bering Straits. Big Diomede is a small rocky island with no harbor, blanketed by fog five days a week and icebound eigh months a year.

The Axis attack on Great Britain is quite another matter, although I believe England has better than an even chance of repelling the German attack. At any rate, it seems to me that we should give some thought to our status in the world should Britain win without our active assistance.

Today, certainly, we have little reason to be proud of being Americans. Once it was "millions for defense but not a cent for tribute." Now it seems to be "billions for defense and other billions for appeasement."

Lest I be accused of being belligerent because I am too old to fight I wish to state that I not only am willing and able to fight again but that in June I offered my services to the Canadians and to Admiral Grout at Brest. Apparently, however, both Canada and Great Britain have plenty of men and need only planes and destroyers from us.

JOHN BORDEN, *Lieutenant Commander, USNR*
Chicago, Ill.

Did Anyone Say Steinbeck?

SIR: We feel that in justice to our author Ruth Comfort Mitchell, and her book "Of Human Kindness," reviewed in your July 22 issue, your readers will be interested in the following points.

Ruth Comfort Mitchell states that "Of Human Kindness" was neither planned nor written as a reply to "The Grapes of Wrath" by John Steinbeck, nor has she ever stated that it was.

Ruth Comfort Mitchell, as state president of Pro America, an organization of Republican women which interests itself in local, state and national affairs, presided over a public luncheon given by the San Francisco Unit and the California State Chapter of that organization. The purpose of this luncheon was to discuss the migrant problem.

EDWARD L. SMITH
New York City D. Appleton-Century Company

SIR: On December 8, 1939, as reported in The Stockton Record of that date, Mrs. Ruth Comfort Mitchell addressed the annual convention of the Associated Farmers of California, the topic of her speech being, "Her version of 'The Grapes of Wrath.'" Commenting on this talk, The Pacific Rural Press on December 16, 1939, stated: "Mrs. Young is writing a new book, 'Of Human Kindness,' giving the other side of 'The Grapes of Wrath,' which she dismisses as highly imaginative and sensational fiction." The "Mrs. Young" referred to is Ruth Comfort Mitchell.

This same report quotes Ruth Comfort Mitchell as getting "a big laugh" when she said that she was "still waiting for a copy of one of those sinister orange-colored handbills." I have a number of the handbills in my office for inspection at any time, and quite recently the Farm Security Administration, in their San Francisco offices, turned up a number that they found in circulation—not in 1937 but in 1940.

The Los Angeles Times on June 28, 1939, carried an item to the effect that Ruth Comfort Mitchell had written a novel giving "the ranchers' side of the migratory labor problem" and also quoted her to the effect that her novel would give "a different view of the problem than that presented by her neighbor, John Steinbeck."

The Eureka [California] Times of June 1, 1940, describes a function at which Ruth Comfort Mitchell, "speaking from a table decorated in red, white and blue" again took Mr. Steinbeck to task for having written "The Grapes of Wrath."

The purpose of the Palace Hotel luncheon affair, as I said before, was to launch a counter-offensive against "The Grapes of Wrath."

Los Angeles, Calif. CAREY MCWILLIAMS

Where Are the Generals' Corsets?

SIR: Here's what I have been wondering, and what I have been asking a lot of people: Is the army mess kit large enough to hold a typewriter? Can a man march in iambic pentameters? Do you suppose the generals know what they're about to conscript—souls—along with our bodies? A precious burden for the army of these United States and for the generals. If conscription goes into effect they may find our souls a troublesome burden as well.

The fact is, there are ways and ways of being patriotic. My way is to fight conscription. It is so obvious that national defense lies in conservation of our own power, in giving us jobs and a chance to do our bit for truth and beauty. Well, why not? I know a man twenty-four who wants to learn to play the guitar this year. If the generals really loved America they'd say, "Go right ahead, old man, and we'll fight the wars while you study the guitar."

The movers and shakers have to have some time to perfect their singing.

Have you ever met a real general? I wonder, do they read The New Republic and other new things like the rest of us? I wonder also if that corset myth is just a vile slander. Maybe I'll have a chance to feel around the subject before too long.

Nuna, Ark. LEE HAYS

The Two F's

SIR: Please don't apologize for John Flynn. He and Ferguson are the main reasons for subscribing. The rest of you seem to be way out on a limb.

Cambridge, Mass. R. J. HENDERSON

From The New Republic Mail Bag

We have a report from Norman Burnside in Hollywood that out of eight Willkie buttons he has seen in the last two weeks, exactly eight wearers were identified with the kind of labor you associate with the term Carriage Trade. He has made a button out of an old electric-light bill which reads: "I work for a living. I'm for Roosevelt."

We read in Jimmie Fiddler's syndicated Hollywood column that Jean Hersholt ("Dr. Christian," "Dr. Dafoe," etc.) would soon tour the American universities, helping out medicine by accepting honorary degrees. We read in Jean Hersholt's letter answering our check-up that he knew absolutely nothing about it except that it was complete moonshine, it was being done all the time and it made him sick. The ironic thing is that the very thousands who wolf up Mr. Fiddler's fancies as exciting news would tear him to shreds if he played any such cheap trick on medicine and Dr. Christian, as a mere shadow character in a movie.

This for what it is worth, no more. A union member who complained to us about IATSE's classification of certain numbers of motion-picture-machine operators with up to twenty-five years in the business as Registered Apprentices (only "regular members" are allowed to vote), not only was afraid to sign his name, but begged us not even to disclose the postmark.

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Books in Review

Dear Wendell Willkie:

I SEE BY THE PAPERS that you are pretty much of a book reader. Moreover, I understand that you were particularly impressed by Carl Snyder's "Capitalism the Creator." Now, I wouldn't dream of calling Mr. Snyder's competence into question; capitalism has been—and no doubt will continue to be—a great creator, especially in our part of the world. But you have enlisted as a politician, and if you are elected President this November people are going to be yelling for you to help solve some of their problems, *now!* You won't have time to sit back and wait for creative capitalism to solve things unaided on a long-term basis. Too many unemployed. Too much idle money. Surplus crops. Gold in the ground at Fort Knox, gathering no increment. Wars everywhere. Rearmament troubles. Reciprocal trade treaties, but very little trade. Workingmen anxious for a couple of extra dollars a week—the margin that paints the house (if the worker has a house) or buys a jalopy. We are, in short, in a devil of a fix. And if you, Wendell Willkie, want to save the "American way"—free enterprise, the right to private property, free gold, free men, a State that interferes with the activities of human beings as little as possible—you've got to do some things that are apparently contradictory: you've got to invoke the power of the State not only to take temporary care of the unemployed but also to restore the conditions under which the dispossessed can find jobs, freedom and the hope of picking up property for themselves. You can be against a "planned economy," if you choose to translate the phrase to mean central dictation of prices, hours, wages, production schedules, what-not. But you can't be against "planning"—for "freedom" requires a good deal of conscious forethought these days. Perhaps it requires even bolder governmental engineering than do the dictatorships.

Simply because you are now in politics and not in a position to let nature take its course, I think you should extend your reading. Carl Snyder is learned, and I have great respect for him; but Carl Snyder thinks in terms of millennial spans. You, on the contrary, must think in terms of four or eight years; you insist that you aren't thinking of twelve. And so it may be that you need to read some short-term politico-economic literature, bright stuff pitched to the *here* and the *now*. Maybe you think Stuart Chase is too much of a "popularizer" to be taken seriously. I will admit myself that Stuart Chase is sometimes a bit on the airy side: in his zeal to put men to work he isn't always careful to remember that it is better (for spiritual reasons) to work for yourself, or for a boss who is constrained by a competitive situation, than it is to work for a State with the coercive power of a Russia, a Germany or a wartime England. But Stuart Chase, be it said to his eternal credit, never fails to ask the right questions. He has been asking them continuously for twenty years; and he asks them all over again—in terms applicable to 1940—in his "Idle Money, Idle Men"[1]: I really think that you should read it, Mr. Willkie.

You are, for example, worried lest "government" discourage Americans from investing in new industry. But have you really thought this problem through? As an aid to your thinking on the subject, Mr. Chase has some questions which he would dearly love to put before you. It has been claimed that the TNEC loaded the dice in its investigation of the problems of idle capital. But isn't it true that Edward Stettinius of U. S. Steel, Owen D. Young of General Electric, Alfred P. Sloan of General Motors and Frederick B. Rentschler of United Aircraft all informed the TNEC that their policy was to finance plant expansion out of money saved generally from the "over-depreciation" profits that result from conservative bookkeeping? Doesn't such policy completely by-pass the capital markets of "Wall Street"? And isn't it true that the savings of individuals, whether of the "sixty families" or of you and me, are thus lying idle simply because our economy has become "mature"—or, to put it less invidiously, able to support itself out of its own earnings? Mr. Chase does not deny that new industries requiring large chunks of publicly subscribed capital may come into being, as the huge modern automotive industry with its auxiliaries came into being in the World War decade and after. But if these new industries fail to appear during the next four or eight years? What are you going to do then, Mr. Willkie? Idle money means idle men; and idle men means governmental interference to take up the slack. If you try to starve ten million, Mr. Willkie, a man on a horse will drive you out of the White House.

Personally, Mr. Willkie, I am not sold on Mr. Chase's proposals for a permanent program for government investment, or for government banks to finance small industry. I should prefer to see government investment kept to a minimum, for when a political majority—or a sufficiently strong balance-of-power group—comes to be dependent on the State it may mean trouble for the independent middle classes, the "forgotten man" of Sumner's famous essay. And I should prefer to have local capitalists mobilize the resources for small local industry, as has already happened in Manchester, New Hampshire, and Fall River, Massachusetts. But we are faced with a condition, not a theory, Mr. Willkie. I am not asking you to accept all of Mr. Chase's "six modest proposals" for putting the people's idle savings to work (although the Swedish-budget idea is worth your continued attention). But I am asking you to ponder Mr. Chase's questions. Unless you know what you are going to do and how you are going to do it, unless you have specific plans to make capital—*and markets*—available to the small business men of America, I must continue to regard you as a medicine man who is putting on a distracting show for the extremely short-run benefit of Big

[1] Idle Money, Idle Men, by Stuart Chase. New York: Harcourt, Brace and Company. 249 pages. $2.

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"After All, I Am a Poet"

The Poet in New York and Other Poems, by F. Garcia Lorca. Translated by Rolfe Humphries. New York: W. W. Norton and Company. 209 pages. $2.50.

WITH EACH FRESH ADDITION to our knowledge of Federico Garcia Lorca, the poet's genius becomes more impressive. That extraordinary brilliance which struck one at once, in the first few of his poems to be translated, has turned out by no means to be an intermittent or accidental thing—it was sustained. Brilliance came as naturally to him, in fact, as dullness or preciosity to others; it was simply his speech. Nothing could be more remarkable, in this new collection, "The Poet in New York," than the apparently inexhaustible fertility of Lorca's imagination. It was everywhere at once, it was prodigal, it was fantastic—the subjective and objective worlds rolled up and ignited in a single ball—the quotidian married singularly to the classic, the folk-song crossed with the baroque. To call him a surrealist is a mistake, for to be a surrealist is to be something else than a poet, something less than a poet: surrealism is perhaps one of many names, merely, for the substratum out of which poetry is made. Lorca devoured all the properties of surrealism, stuffed his cheeks with them, like a conjurer, blew them out of his mouth again as poems—but so he did with everything else that he fed on. The papery guitars, the ingeniously misplaced eyes, the little traplike mouths cropping out of the sides of heads, and all the rest of that slightly sinister and somehow iodine-tinctured phantasmagoria of the followers of Loplop and synesthesia, these are certainly here, in the New York poems, but they have been made into poetry.

On the whole! There are times, let us admit, when the prodigality of image does seem to be indulged in for its own sake, and when the virtuosity and rapidity become blinding: the Gongoresque multiplication of idea carries one too far, and on too wide a front: too many things are required to be embraced at once, as if one tried to organize a single wave from end to end of the Atlantic. But even so, the fault is more often ours than Lorca's—*he* knows perfectly well what he is doing, and the tiniest or queerest item of the sargasso which his wave lifts will presently yield its meaning, like something heard afterward, like an echo. Back will come the main theme, the recurring preoccupation, of this book—pain, pain and suffering, fear of death and injury, the agony of the conscious mind in the presence of universal pain:

> But there is no forgetfulness or sleep:
> Raw flesh. Kisses bind the mouth
> in a tangle of fresh veins
> And whom his grief pains it will pain forever
> And who fears Death will carry her on his shoulders.

It takes a hundred forms—the earthworm singing the terror of the wheel, "those who forever watch the tracks of claw and raindrop," the little paw of the cat crushed by a car, the ocean remembering the names of all its drowned, the woman dying in childbirth, for whom every sound is a stone, every footprint a throb—and "the little tiny dead along the shore."

> A little corrosive glove detains me. Stop!
> I felt on my handkerchief the tinkle and crash
> Of the first vein breaking.

And again:

> This is the world, my friend, agony, agony.
> The dead rot under the clocks of the cities
> War with a million gray rats goes weeping
> Rich men give their beloveds
> Little illuminated corpses
> And life is never noble, nor good, nor sacred.

If there is nothing in the present collection quite as good as the "Lament for the Death of a Bullfighter," which was perhaps the finest of all Lorca's poems, there is nevertheless much that is magnificent. The "Ode to Walt Whitman"—bitter, comic, wry-mouthed, double-faced—is devastating: and so are the New York poems, "Unsleeping City," "Blind Panorama" and others. There has been no more terribly acute critic of America than this steel-conscious and death-conscious Spaniard, with his curious passion for the modernities of nickel and tinfoil and nitre, and for the eternities of the desert and the moon. He hated us, and rightly, for the right reasons. Intensely Spanish, he is best of course in Spanish, which, next to English, is the best of all poetic languages; and therefore exceedingly difficult to translate. But Mr. Humphries has done a really excellent job, and made very few mistakes.

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A Reader's List

THE WORLD I KNEW, by Louis Golding (Viking, $3). A semi-autobiography by the author of "Magnolia Street," dealing mainly with travels through Europe, the Near East and America. Chiefly descriptive of places and personalities, with a romantic leaning: gives disappointingly little attention to the more intimate world and development of one of England's few prominent Jewish authors.

THE SPIRITUAL ASPECTS OF THE NEW POETRY, by Amos N. Wilder (Harpers, $2.50). The author displays an alluring wardrobe of quotations to demonstrate modern man's "dissociation" and his need for "responsible selfhood." These, he preaches, can be amended by a return to Protestantism and the soil. Unfortunately, he blinks at the full significance of poets he considers unhealthy, *i. e.*, social revolutionaries and surrealists.

THE STRANGER IN THE HOUSE, by Howard Coxe (Greystone Press, $2.50). An entertaining account of the harrowing married life of Caroline, Queen-Consort of George IV. Gives lively portraits of the English court and political notables without bothering much about the more shattering aspects of the Napoleonic era.

ON THE TRAIL OF THE EIGHT-POINTED STAR, by Elizabeth Wheeler Schermerhorn (Putnam's, $4). A scholarly and readable account of the Knights Hospitalers, later known as the Knights of Saint John of Jerusalem and Knights of Malta in Western Europe. The book discusses the administration of their possessions and then describes the most important sites with special reference to architecture and outstanding personalities.

The Background of War

WHY FRANCE LOST THE WAR, by A. Reithinger (Veritas Press, $1.25). Written by a Nazi propagandist and published in Germany before the Battle of France; translated and published here after the débâcle. The author maintained that France would necessarily lose the war because she was biologically undermined and financially exhausted —a real Have-Not nation!

THE UNITED STATES IN WORLD AFFAIRS IN 1939, by Whitney H. Sheperdson and William O. Scroggs (Harpers, $3). A complete survey of this fateful year containing useful reference material—reproductions of the most important documents and speeches, a bibliography, a chronology and an index. The authors are keenly alive to the fact that a German victory would be harmful to us.

Fiction

MY AMERICAN, by Stella Gibbons (Scribner's, $2.50). A lending-library romance that makes a pretty sad anticlimax to the same author's "Cold Comfort Farm." Like most escape novels it is full of unconscious symbolism. The heroine, a lonely English writer, finds security in the arms of a big handsome American. For heroine and hero, read Britain and the United States in 1940 and you have a picture of political wish-fulfillment.

ROSSCOMMON, by Charles Allen Smart (Random House, $2). One man's dream of Utopia, a pattern for communal living on a 900-acre farm in Ohio. The blueprint itself will not strike you as extraordinary, but Mr. Smart enlivens it with good story-telling and with a couple of remarkable personalities. A warm-hearted, honest and very likable book by the author of R. F. D.

Contributors

Melvin M. Fagen has just returned from six months in war-time France, where he served as a relief administrator. He is now writing a book on America's war-materials export policies.

Harold J. Laski, the distinguished British political scientist, is a member of the faculty of the London School of Economics and the author of many books on politics and economics, the most recent of which is "The American Presidency," published by Harpers.

Richard Eberhart's work has appeared in England and America. His most recent book of verse is "Reading the Spirit."

Slater Brown, formerly a member of The New Republic staff, is finishing a novel.

John Chamberlain, author of "Farewell to Reform" and "The American Stakes," is an editor of Fortune.

Marianne Hauser, a native of Alsace, has contributed articles and reviews to periodicals in this country and in Switzerland.

Lindsay Rogers is Burgess Professor of Public Law at Columbia University and has published several volumes on public law and administration.

Conrad Aiken's most recent book is a novel, "Conversation," published recently by Duell, Sloan, and Pearce. He has published many books of poetry and of fiction, and in 1920 won the Pulitzer Prize.

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The New
REPUBLIC
Special Section

This Man
WILLKIE

For the first time in its history, The New Republic devotes a special supplement to one man. Wendell L. Willkie has become Republican presidential nominee at the most crucial moment in the life of this nation. The next four years may decide whether we can survive as an independent, free people. Mr. Willkie has accepted a fearful responsibility, as President Roosevelt has, in asking to be allowed to guide the destinies of America through such a time.

In this special section the editors describe Mr. Willkie's career and personality. They tell the story of how Commonwealth and Southern common stockholders took a loss, on paper, of $750,000,000; of how his Southern companies fought the TVA with injunctions, spite lines, paid propaganda and whiskey at elections; of how his Michigan company tried to suppress a labor union and tangled with the Labor Board. They report and analyze his statements on public questions—in short, give a picture of the man and what he means.

VOL. 103, No. 10 SEPTEMBER 2, 1940 PART TWO

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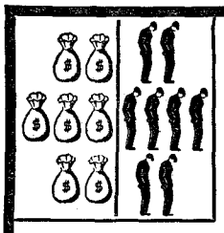

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—David Cushman Coyle, N. Y. Herald-Tribune Books

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¶ The need for the book was prompted, not so much by the military debacles of this year, but by the much longer and more insidious moral disintegrations that gave an opening to the forces of barbarism. Its aim is to orient those who are alive to the dimensions of the present catastrophe so that they will live bravely, and live to a purpose—or, if need be, die without the bitterness of the bewildered and the betrayed.

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This Man Willkie

A Special Section

What's He Like?

What is the personality of Wendell Willkie, who has in such sudden and spectacular fashion flashed across the American sky? The statement below is based on personal contact with Mr. Willkie and on the printed records.

THIS IS NO horror story. Wendell Willkie isn't anybody's personal devil, and we don't propose to pretend that he is. He is a shrewd and likable business adventurer, and if the times were such that we could afford to entrust the destinies of our nation to a person of that sort, he would probably acquit himself fairly well in the White House. It is quite possible he may be elected, and in that case he may grow up to his job; Presidents sometimes do. If this happens, however, he will have quite a lot of growing to do.

Willkie in action is something beautiful to see, like Eleanor Holm in the water or Toscanini conducting. His ancestry is German but it should have been Irish, or better yet, Welsh. Rarely does he make such a complete failure as he seems to have done in his speech before the National Press Club in Washington, D. C., when some of his hearers found his advocacy of a business government almost indistinguishable from fascist doctrine. As a rule he is acutely conscious of the personality of the individual with whom he is talking. When someone else comes in, he is conscious of two personalities and so on up to eight or ten. Then he becomes conscious of the majority crowd psychology with its attendant one or two minorities, if any. It isn't that he just wants to go along with his visitor or the group, as the Welsh and Irish sometimes do; he is willing to stand out against them, but he will do it with the utmost tact, with the most delicate shade of regret. Like the skilled executioner in the fable, he will decapitate you so gently that you never notice it until you sneeze.

It is astonishing in how many ways he resembles President Roosevelt. Like That Man, he is an actor born to the stage. He hates to contradict you to your face unless it is a matter of business, when he can be extremely hard-boiled. He is self-conscious every second; it is doubtful whether he relaxes in abandonment even when he is sound asleep. The character he presents to the world is a synthetic one carefully created, though on a natural foundation. He knows very well that tousled hair is a good accompaniment to a breezy, dynamic entrepreneur. He once remarked that "it's an asset in my business to look like an Indiana farmer" and he chuckles as he admits that his family and secretary have to work hard on him to get him to buy a new suit. When Commonwealth and Southern sold out to the TVA and he got a big check from David Lilienthal he said just the right thing in the presence of the newsreel cameras: "Dave, this is a lot of money for a couple of Indiana farm boys to be throwing around." This is not to say that if he felt he could afford it he would go around constantly in a morning coat and striped trousers, but only that he is smart enough to capitalize on his normal tendencies.

He is a wisecracker, an expert practitioner of that art which is so completely American that other nations cannot even understand it, to say nothing of imitation. In the motion picture film he made for "Information Please," at one point Clifton Fadiman remarked, "Mr. Willkie, you have quite a career behind you." Willkie flashed back: "I don't like that word, 'behind.'" At the Philadelphia Convention, just after the nomination, when asked whether he would accept an invitation to the White House, he said: "Certainly; one should always be kind to his predecessor." On another occasion the query was made whether he would talk to the President and he retorted, "Every time I have called on the President heretofore, *he* has done all the talking." These are not very good wisecracks, but they were made impromptu while the cameras were turning, a situation under which most public men are so stampeded they can hardly even read from a manuscript.

Willkie's career as a whole is a startling series of last-minute shifts. When you add him up he looks as though he kept wanting to be and do something else, but then decided at the eleventh hour to be "sensible." In college he was the leader of the anti-fraternity group, but changed his mind eventually and joined one of the best fraternities at Indiana U. During his ten years in Akron he was on the unpopular side of some issues but at the end of that time he left for New York to enter the service of a great public-utility corporation. He was a Democrat, and a hard-working organization Democrat too, until about the last possible moment at which he could have shifted and still have any chance of becoming the Republican presidential nominee in

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1940. The psychologists could certainly make something of the life of a man who repeatedly shifts just before the clock strikes, and in a direction which he himself, on some occasions at least, must have considered the less desirable.

The facts of Mr. Willkie's life have now been told often enough in public to need only a brief recapitulation here. He was born February 18, 1892, in Elwood, Indiana, a typical small Middle Western city. His grandparents had come from Germany, bringing his father with them, and Mr. Willkie himself says they did so to breathe the free air of America. There is no record however that the son, Wendell's father, held any political views that one would associate with such an emigré, after settling down in Indiana. He was a lawyer and at one time superintendent of schools, where he earned the nickname of Hell Fire Willkie. Wendell's mother had been a schoolteacher and there is no doubt that the home was one of lively intellectual interests. Wendell was one of six children, with three brothers and two sisters. When he was a small boy, the Willkies believed they were on the road to riches; natural gas had been discovered at Elwood (no jokes, please!) and the town was enjoying a boom. Willkie senior speculated in real estate and made handsome paper profits until the natural-gas supply began to dwindle, the boom collapsed and the paper profits were followed by heavy debts.

Wendell was a high-spirited, normally mischievous boy. Elwood still tells stories of his Hallowe'en pranks, one of which, it is said, consisted of tipping over an outhouse with the violently protesting owner inside. There is a story in circulation that he was expelled from high school not once but twice, but Mr. C. C. Hillis, the Elwood principal, tells us this is not true. "There is no record here," he writes, "that Mr. Willkie was expelled from the high school. He probably was suspended a few days for the infraction of some school rule."

After being graduated from the Elwood high school he went to the University of Indiana at Bloomington where for three years he was a leader of the anti-fraternity crowd. This is a matter of some significance; in nearly every Middle Western university there is constant guerilla warfare between fraternity and non-fraternity men. The former look down upon the "barbs"—barbarians—as uncouth roughnecks who don't know social usage and come from inferior homes. The barbs reciprocate by considering the fraternity men as namby-pamby rich men's sons. When Willkie in his fourth year suddenly went over to the enemy by joining one of the leading fraternities on the campus, the shock to his barb friends must have been severe.

During his vacations, like many other college students, Wendell Willkie worked at odd jobs in various parts of the country. He was a puddler in a steel mill, a harvest hand in Dakota, a short-order cook. In Mr. Willkie's own mind these college vacation experiences seem to be a little confused, and he now talks as though he thought he had been a poor boy who worked his way up by these various occupations to the position he now holds. Thus in the movie short for "Information Please" he recited the history of Puddler Jim Davis of Pennsylvania and added that he had done the same work himself. Although he did not misstate a single fact, undoubtedly most of the people who saw the film got the impression that they were seeing a chapter in a typical American story, "From Breaker Boy to White House." "I understand you people and your problems," he told an Iowa crowd. "Like you, I have come up the hard way." But in fact, his way was about as hard as that of Franklin D. Roosevelt. It consisted in being a member of a family which sent all six of its children through college and helped to launch them in life.

Without any definite idea as to what he wanted, young Wendell was attracted toward teaching. After being graduated from Indiana University in 1913, he got a job in the high school at Coffeyville, Kansas, where he taught history, debating, track and basketball. He has a real love of history, and probably knows more about it than any other public-utility official in the United States. Teaching did not prove as attractive as he had expected, and the following year saw him in Puerto Rico as laboratory assistant in the Fajardo Sugar Company. By the end of the year he had decided that his father's profession, the law, looked pretty good. He went back to Indiana for an LL.D. degree and joined his father's law firm in Elwood.

On the day the war broke out he enlisted in the infantry and he sailed to France in the middle of January, 1918. Just before sailing he had married Miss Edith Wilk, an Indiana small-town librarian. In France he seems to have acquitted himself creditably; he is best remembered as having volunteered his services to defend a number of soldiers who had got into trouble through being AWOL or for other fairly minor infractions of army discipline. He came back a captain in 1919 and took the first job he could get, as a member of the law staff of the Firestone Tire Company in Akron. After a few months of this, he had a chance to become a member of a law firm in the same city, exchanging an assured salary for a complete gamble. His wife's advice to him is often quoted: "Go ahead, take it; never mind the money; get your name on the letterhead."

For the next eight years Wendell had his name on a letterhead. He became famous in Akron for two violent departures from the Middle Western norm. He didn't own an automobile, and he didn't play golf. His only diversion was to sit in a rocking-chair on the country-club porch and make fun of his fellow members of the middle class as they staggered in, purple and perspiring, from the eighteenth green. At this time Willkie was a practising Democrat and it is said that he was active in civil-liberties cases and spoke up for the underdog enough to get the nickname of the Akron

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Bill Borah. (This may have been influenced also by his shaggy locks, resembling those of the late Idaho statesman.) He was simultaneously, however, building up a nice practice as a public-utilities lawyer, a logical transfer from his work for the Firestone Company. The head of the law firm by whom he was employed, Mather and Nesbitt, was a state Senator and attorney for Ohio Edison. Thus nearly at the beginning of his career, the most important part of Mr. Willkie's work came to be tasks like arranging for renewals of utility franchises. He soon attracted the attention of important utility executives such as Mr. B. C. Cobb of Penn-Ohio and Commonwealth Power. As early as 1926 Mr. Cobb is supposed to have written the famous letter: "Don't let that young man get away from us."

After his apprenticeship as a utility lobbyist before local regulatory bodies, Mr. Willkie moved to the national scene about 1927-28. At that time, the famous Walsh resolution—sponsored by Senator Walsh of Montana—was before Congress. Leading eventually to the Federal Trade Commission's investigation of the utility industry, it was bitterly opposed by utility spokesmen. One of the two leaders of the lobby established in Washington was Mr. Weadock, Mr. Willkie's superior back in Ohio and later chief counsel to the Commonwealth and Southern. Mr. Willkie was frequently observed in Mr. Weadock's company at congressional hearings and in Washington hotels. When a utility brief condemning the Walsh resolution was presented to the Senate, one of the signatory firms was Mather, Nesbitt and Willkie.

In 1929, the year of the crash, Mr. Willkie was invited to go to New York and set up the law firm of Weadock and Willkie, general counsel for the Commonwealth and Southern Corporation. If the firm had any other clients, nobody ever heard of them. From that day on, Willkie was a C. and S. man; when a president was needed in January, 1933, he was a logical choice. The story of what he did for C. and S. during the eleven years from 1929 to 1940 is discussed elsewhere in this supplement.

The point to make about Willkie himself is that he is not a business man as that phrase is commonly understood. He is not a capitalist; his family traditions are all of professional activity for modest fees and he has accumulated no fortune of his own, though he has earned large salaries. He is not an industrialist; whatever he knows about plant operation has been picked up in his spare time in the past few years. His only formal and extensive contact with the business world has centered in the public-utilities section, which has one of the worst records for shady practice in American history. Not a production man or a salesman, Willkie's essential relationship to the segment of business he knows best has been that of a fixer and front man. These are admittedly smear words, but it is hard to think of more respectable synonyms.

In the utility and railroad industries most conspicuously, the operating men who actually make the wheels go round in the various revenue-producing divisions of the business rarely get to be boss. The boss is expected to be a public-relations man, especially in regard to the various state and federal regulatory bodies in these political industries.

This distinction cuts still deeper into the phenomenon Willkie, and helps explain his current attitude toward his utility background. For Mr. Willkie has been in Wall Street but not of it (which is perhaps why a number of his more conventional associates have regarded him with suspicion as an intellectual, a reader of books, a writer, a bohemian, even an advanced liberal). Partly because of the liberal background in which he grew up, his crashing of the gate has apparently put him on the defensive. Certainly it helps explain his constant cries of persecution; his glorying in having "come up the hard way"; his anxious search for support from liberals and radicals; his apparent preference, before he became a candidate, for literary society over Bankers Club society; all of which conflict with his pride in his recent election to the board of J. P. Morgan's bank for bankers—the First National of New York—which is so exclusive that it is not even a club for run-of-the-mine millionaires. Willkie's story is not that of an Edison or a Ford: he never had to meet a payroll. He was a *condottiere*, a mouthpiece, who had a reputation as a public speaker and a liberal and who was hired by the local utility in Akron to talk for it. Since he was the front man for the entire Commonwealth and Southern system, it is fair to hold him responsible for the misdeeds of his subordinates throughout that system. Accepting just such responsibility is what he was paid for.

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Mr. Willkie in Business

Mr. Willkie is running for President as a business man. It therefore becomes important to examine his business career both in its facts and its philosophy, especially to see whether he had any share in financial practices which he later condemned.

SPEAKER BANKHEAD charged that the Republican Party had permitted conditions to exist which led to the market crash of 1929. Mr. Willkie answered (according to James C. Hagerty's story in The New York Times of July 16):

> I am very proud that I had absolutely nothing to do with that phase of American economic life. . . . I found myself in complete accord with Speaker Bankhead in his condemnation of the speculative orgies of the 1920's. I agreed with him in his strictures about the unloading on the public during the same period of common stocks beyond their true value. I have always thought that such speculation was to be condemned whether it was in the securities of utility companies, vending-machine companies, or took the form of gambling in foreign exchanges, such as German marks.

The last two items are intended to toss the ball back to Roosevelt, making out the country squire in the White House to be a veritable wolf of Wall Street, a latter-day Jim Fisk. Of course the answer suggests itself: in both these ventures, Mr. Roosevelt lost his own money. This is more than can be said for the promoters of the venture which cost the public so dear after Mr. Willkie was hired to represent it.

But the whole of Mr. Willkie's statement is worth careful study. Is it true that he had "absolutely nothing to do with that phase of American life"? The facts do not support him. Indeed, his statement is so thoroughly in conflict with the record that no cold-blooded liar is likely to have made it. Only a man constantly intoxicating and reintoxicating himself with his own words could have been so imprudent.

Here is the record. Early in 1929, when even the elevator boys were getting nervous about the bull market, the Morgans rushed into it. In January, they announced that they were entering the utility field, and that they would form the United Corporation as a super-holding company for the purpose of buying up control of utility holding companies throughout the East. From January until May, the market bubbled and boiled while the Morgans quietly shopped for properties. Finally, on May 9, the contents of United's portfolio were disclosed. The asset value of its common stock was $37⅜. Two days later, as the public rushed to get in on this good thing, the orgy carried United common up to an all-time market high of $73⅛. During the next two months the utility market continued to boom. Meanwhile, the asset value of United common increased from $37⅜ to over $61½ as it continued to acquire properties. But, in the face of the continued utility boom and its own growth, United common began to slip—not much, but a little. Why? Because at this peak J. P. Morgan and Company unloaded over 171,000 shares of United common on the public. A study in The Columbia Law Review estimates that by June, 1933, when United was kicking around in the market for $12 a share, the combined Morgan and Drexel profit (excluding the private profits of individual partners) was more than $19,000,000.[1] United today is an empty shell, admittedly unable to dispose of its holding-company stocks.

These, then, were the methods by which Morgan and Company took the public for a ride in the month of May, 1929. During that same month, United got together with one of its friends—the American Superpower Company—which had been formed for a similar purpose by the utility banking house of Bonbright, always closely associated with Morgan. One of the first products of this marriage was the fantastic creation known as Commonwealth and Southern.

On May 23, Commonwealth and Southern was merged out of three holding companies—the Commonwealth Power Company and Penn-Ohio Edison Company in the North, and Southeastern Power & Light Company in the South. American Superpower and Bonbright put up $15,000,000 in cash. United put up $10,000,000, which it borrowed from Morgan's. United Gas Improvement, another member of the United family, put up $3,000,000. Altogether $45,000,000 was raised by the insiders on the basis of $19 a share for Commonwealth and Southern common. Once in the driver's seat of the corporation-to-be, the promoters appointed a committee, which proceeded to negotiate privately with shareholders of the three underlying holding companies for the purpose of inducing them to exchange their stock for Commonwealth and Southern common. The valuation set by the promoters upon Commonwealth and Southern in these exchanges ranged from $24 a share (in exchange for Commonwealth Power) to $24.41 (in exchange for Southeastern), netting the promoters a handsome inventory profit straightaway.

On June 5, 1929, Commonwealth and Southern common was listed on the New York Curb. From the first day, trading in it was very heavy. By June 14, trading reached its peak; on that day no less than 1,032,400 shares were moved. This remarkable activity

[1] High Finance in the Twenties: Columbia Law Review, May, June and November, 1937.

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induced many recalcitrant investors in the three underlying holding companies to turn in their securities for stock in the new one. It also permitted the promoters and their friends to let the public in on this very good thing. Meanwhile United went right on, spawning Niagara Hudson and Columbia Gas and Electric. But by October it was all over. In that fatal month Commonwealth and Southern hit both its all-time high and its pre-depression low. The high was $24¾—barely above the price for which the three member companies had turned in their securities. The low was $10. This, Mr. Willkie can hardly deny, was speculation with a vengeance, and it was certainly "unloading of common stocks on the public beyond their true value."

At how much above their true value? Here is the record for its three original constituents, plus a fourth, Allied Power and Light—as taken by the Federal Trade Commission from the records of Commonwealth and Southern:

LEDGER VALUE OF SECURITIES OWNED AS SHOWN BY

	Books of the merged holding companies	C. & S. Books	Appreciation
Allied Power & Light...	$ 3,573,997.65	$21,583,038.35	$18,009,040.70
Penn-Ohio Edison...	47,301,400.22	107,341,619.23	60,040,219.01
Commonwealth Power Co.	89,742,899.05	372,234,258.32	282,291,259.27
Southeastern Power & Light...	200,277,963.35	370,942,916.29	170,664,952.92
Total	340,896,260.27	872,101,832.19	531,205,571.92

These write-ups from the none too conservative self-valuation of these properties—in which the Federal Trade Commission later found prior write-ups—were entirely arbitrary. The promoters, made wise by hindsight, may plead that they expected earnings to replace all this water with values; to which the answer might just as well be that they could have written these companies up by a round billion instead of just half a billion if they had had more confidence.

There are two frauds against the public involved in utility write-ups. The first is the obvious one of overvaluing securities for sale to a gullible public. The second is that the valuation of a utility is the base on which its rates are set (so that it may earn a "fair" return on its "investment"). Clearly, if its value is written up, its rates will be inflated. Mr. Willkie's championing of the consumer, of which more under TVA, doesn't do so well alongside his refusal to admit that his companies in TVA country were overhauled during the dispute.

The apocryphal story of Mr. Willkie, as told by Russell Davenport in Fortune, has it that Mr. Willkie had no responsibility for this fraud, that he did not come into the picture until he was made president in 1933, whereupon he "kicked the bankers off the board."

By any realistic standard of power exercised in the corporate world, it must be conceded that a corporation head generally regards his lawyer as his second in command, if not as his actual peer. That was shown this summer when Commonwealth and Southern had to pick a new president after Mr. Willkie's resignation. The job went to Justin R. Whiting, of Mr. Willkie's former law firm, which has continued to represent Commonwealth and Southern in legal matters. There can be no denying the responsibility which corporate counsel exercises in the board-room. No prudent management will ever move without advice of counsel. When Hopson was indicted, the senior partners of Travis, Brownback and Paxon—Associated's general counsel—were bagged in the same net without the Bar Association or even any reputable lawyers protesting. Thus, by legal precedent, realistic admission and the way Commonwealth and Southern picked up a successor this summer, we are justified in regarding a corporation general counsel as a responsible, if not ranking, part of its management.

So, in the spring and summer of 1929, Mr. Willkie, giving the lie to the noble defiance of evil speculation expressed by Candidate Willkie in 1940, saw nothing wrong with what the bankers were doing with Commonwealth and Southern. When the chance came to become an insider himself, he acted as though Commonwealth and Southern were the best fraternity on the campus.

What kind of a capital structure did Willkie ride into? Commonwealth and Southern valued its assets at $1,133,700,000 (including the write-ups). The capital structure consisted of a mass of bonds, subsidiary companies' bonds, subsidiary companies' preferred stocks, its own preferred stock, common stock (at $24) and options on more stock at $30 (which it never reached). Of the common stock at $24, there were no less than 33,000,000 shares. The optimists who held this through October may have hoped that it would ride past $50—just a modest doubling in value. At $24, these 33,000,000 shares had a total market value of nearly $800,000,000. To have gone to $50, the boom would have had to last long enough for the market to estimate that Commonwealth and Southern would be able to earn, past all its fixed charges, enough profits to warrant a valuation of $1,500,000,000. This sounds preposterous—today. But the original structure contained over 17,000,000 options held by people who hoped to exercise them to get still more stock at $30.

Not much has to be known about finance to realize that 33,000,000 shares, onto which are tacked 17,000,000 options, are a fabulous burden for any sound corporation to hope to carry. No responsible securities analyst can be found to endorse such a structure—even when it does not come after a flock of senior securities. Mr. Willkie, as general counsel and president, has followed this stock down from 24½ to 1 and a fraction (it was down to 2 when he became president of Com-

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monwealth and Southern in 1933, before the New Deal came in) without ever conceding the point. It is the government, he maintains, which has destroyed confidence in the market for utility *holding-company* common stocks (which Willkie usually identifies with the common stocks of utility *operating* companies, like Commonwealth Edison of Illinois, which enjoy very favorable markets).

In fact, this record shows that Mr. Willkie's subsequent talk about the New Deal's having made new utility investment impossible is so much eyewash. By 1933, his corporation had no funds free after its fixed charges to invest in new expansion; and no one could be found to buy more holding-company securities. The continued expansion of the industry, to a point at which electrical consumption is something like 40 percent above 1929, has occurred in spite of the obstacle to new financing provided by such relics of 1929 as Commonwealth and Southern.

Nor is this all. There is the matter of $150,000,000 of preferred stock issued shortly after the corporation was formed. This stock is supposed to pay a $6 dividend, which accumulates when unpaid. Soon after Commonwealth and Southern stopped paying common dividends, it stopped paying preferred dividends too (it has since resumed payment at the rate of $3 a year). As of July, 1940, the corporation owed its preferred stockholders back dividends of $16.50 a share, equal to $24,800,000. But its 33,000,000 shares of common (the options are now so much wallpaper) have a market value of only some $40,000,000 and this is entitled to its share of the cake only after the preferred's back dividends have been paid. The fact is that this preferred stockholders' claim overshadows the claim to earnings of the common, which loses more and more of its value with each quarter's accumulation of unpaid preferred dividends. Thus, we have the spectacle of Mr. Willkie offering to balance our federal finances after he has run his own company these many years by deficit financing on his preferred stockholders' money; and offering to bail out the 130,000,000 owners of the federal government after he has failed to keep half of his 33,000,000 shares of controlling common stock above water.

How did Mr. Willkie get to be president of Commonwealth and Southern in 1932? The official theory is that he just rose by sheer merit, the way a cork bobs to the surface when released. Did he?

During the Coolidge and Hoover administrations, the Alabama Power Company, which afterward became incorporated into the Commonwealth and Southern, was making an enormous profit by buying power from Wilson Dam at Muscle Shoals, and reselling it. Just how large that profit was, it is rather hard to say. The Alabama Power Company had the only transmission lines near Wilson Dam and could drive a hard bargain with some of its own customers. It bought power from the Government at two mills—not two cents, but two mills—per kilowatt-hour. Ninety percent of its power was sold at wholesale to big customers, half of it to its sister companies, companies in the group which was soon to become the Commonwealth and Southern system. This power was sold at an average of six and one-half mills. To be sure, the cost of transmission was added, but since this was wholesale delivery, it could not have been very much. It is safe to assume that the profit on government power sold in the wholesale end of the business was at least $500,000 a year.

Alabama Power also sold a small fraction of its power to residential consumers and small businesses. Some of this power came from other sources than Wilson Dam, but it is unlikely that it cost very much more. Alabama sold its power to residential consumers at an average price of six and eight-tenths cents—not mills, cents. Of course, the cost of distribution entered in here, and on residential consumption it is far more important than production cost. The New York State Power Authority has made careful studies based on field conditions, and from those studies it would appear that for an average consumption of 465 kilowatt hours per consumer per year—which was about correct for that area at that time—3¼ cents would be entirely reasonable for distribution. Add two mills for the cost of government power and you get an overcharge of three and three-tenths cents per kilowatt hour per consumer. On the amount of residential energy sold, this extra gravy was about *one million dollars a year*. Add in the profit on the power sold wholesale and you get $1,500,000 a year. No wonder Mr. Willkie doesn't like the TVA. It broke up one of the sweetest rackets you ever heard of. In the four years, 1926-1929, inclusive, the average dividend on the Alabama Power Company common and preferred stock combined per year was $3,700,000.

The president of Commonwealth and Southern at this time was a rock-ribbed Republican, and an excellent contact man with a Republican administration. But in 1932 the Democrats came into power. Commonwealth and Southern wanted to continue its profitable arrangement and took what seemed a sensible course. It picked out from its law firm the one man who was known to be a Democrat and associated in active work with Tammany in New York City. If he couldn't keep a profitable arrangement in force, who could?

There remains the brief story of the reforms instituted or approved by Mr. Willkie after he became president of Commonwealth and Southern. Two of its policies give him ground for legitimate pride. One is that his utility system is relatively free of intermediate holding companies, usually devices to mislead the unwary investor. The other is that the Commonwealth

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and Southern's service and construction companies—in other systems the source of secret profits to a few insiders—have been "mutualized." That is, whatever book profit they may show is annually returned to the system's operating units in proportion to their respective earnings. These two policies were initiated while Mr. Willkie was still counsel to the system; as president, he has continued and developed them.

One of his first acts as president was to readjust the capitalization of Commonwealth and Southern to the realities of the depression by writing off $500,000,000 of water. But there was nothing noble about this: the Federal Trade Commission was probing and, back in 1931, the Electric Bond and Share management—which has never pretended to be saving the country—had taken a $441,000,000 write-off. Then there is the story of how he made a virtue of necessity by cutting his rates and making it pay. But that belongs in the chapter on Mr. Willkie's relations with TVA.

The general record shows that the Morgan-Bonbright clique—which led the defense of the utilities against the investigations started under Hoover; which brought Mr. Willkie to New York in 1929 as a key figure in the original Commonwealth and Southern management, and which in 1933 made him president of the corporation—had by that time effectively ruined the market for utility holding-company securities, new and old. The record shows that this same clique did a great deal by its greedy policies to bring about the drive for public regulation and the public development of water power. And finally the record shows that Mr. Willkie, far from having had absolutely nothing to do with "that phase of American life" was one of those responsible for the speculative orgy. It was that orgy which transformed him from a cracker-barrel Indiana liberal into a Wall Street insider as slick as they come.

Willkie and the TVA

Up to now, Wendell Willkie is best known for his long and bitter fight with the TVA on behalf of Commonwealth and Southern. What revelations about his character are to be drawn from this story? What are the facts about the battle itself?

FOUR DAYS AFTER Mr. Roosevelt had sent the TVA bill to Congress, and while congressional hearings were in progress, Mr. Willkie as president of the Commonwealth and Southern informed his stockholders that "if this bill passes, this $400,000,000 worth of securities (Commonwealth and Southern subsidiaries) will eventually be destroyed." This was the signal for a propaganda campaign not differing greatly from other utility-company exploits that congressional investigating committees have made famous. Widow-and-orphan letters poured in on the White House and Congress. Newspapers in the Tennessee Valley blossomed with full-page advertisements. Ostensibly these advertisements were paid for by local utility-operating companies, but the editor of one Mississippi weekly neglected to trim the mat that had been sent him, and the advertisement carried the note: "Insert name of our local power company here."

After the TVA was established, its directors—far from declaring war on the private companies—took an extremely conciliatory attitude. They had jurisdiction over Muscle Shoals, the current from which was essential to Alabama Power, and they also had a mandate to develop Muscle Shoals to its full potential capacity. They offered to continue to provide current for Alabama Power, if the company would sell them certain of its transmission lines to make possible an experimental "yardstick" area. This would have amounted to a division of territories, a mutual hands-off policy, which is precisely what Mr. Willkie afterwards clamored for. With seeming sincerity, the TVA's offer was accepted.

Before the arrangement could be put into effect, however, the so-called Ashwander case was brought. This case is one of two episodes—the other was the later nineteen-company suit—that fixed the attitude of two of the three TVA directors, and the New Dealers generally, towards Mr. Willkie, convincing them it was not safe, or even possible, to have ordinary business dealings with him. The case bears directly on his fitness for the presidency.

Ostensibly, the Ashwander case was brought by preferred stockholders of Alabama Power to prevent their own company from carrying out its arrangement with TVA. Alabama Power was the defendant. As head of the parent company, Commonwealth and Southern, Mr. Willkie had approved the TVA-Alabama Power agreement; presumably, therefore, he wished to carry it out in good faith, and was prepared to oppose the preferred stockholders' lawsuit. Mr. Willkie declared publicly: "The Alabama Power Company has no connection, direct or indirect, with pending litigation against the TVA." Counsel for the stockholders said that the suit was being paid for by twenty-five cent contributions.

The secret ins-and-outs of the Ashwander case have never become public. As far as is known, no holograph letters showing Mr. Willkie's exact role are in existence. But, in the course of the litigation, it was revealed that the law firm conducting the case, instead of being paid by the two-bit pieces of humble stockholders, had received a $50,000 fee from the Edison Electric

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Institute, trade association of the utility industry. Mr. Willkie was a director of the Edison Electric Institute. You are compelled to assume either that it acted in a matter vitally concerning him without his knowledge, or else that he was playing a game with TVA.

Sometime in 1935-36, the Roosevelt administration made a second attempt to deal with Mr. Willkie. Mr. Roosevelt and his advisers were eager to arrange for a pooling agreement, or power grid, among the utilities serving the Southeast. Such an agreement held enormous possibilities both for national defense and for peacetime economic betterment. Mr. Willkie was frequently invited to the White House and made it his business to drop in still more often. A report spread that he had become the President's adviser on power questions; it was even suggested that he would act as negotiator between the New Deal and the whole utility industry, then beginning its vast constitutional attack on the holding-company law.

In the midst of this relatively amicable relationship between New Dealers and Mr. Willkie, the so-called nineteen-company suit was abruptly brought against the TVA. The Ashwander case had attacked the TVA only indirectly; the intent of the nineteen-company suit was to drive it from existence. The nineteen companies bringing the suit were the utilities in the TVA area, and chief among them were the subsidiaries of Mr. Willkie's Commonwealth and Southern. This ended, permanently, the effort of the administration and the TVA to have a relationship with Mr. Willkie.

When the TVA's new dams were complete, it began negotiations with Tennessee Valley cities and power districts for the sale of current. The Commonwealth and Southern subsidiaries, especially the Tennessee Electric Power—Tepco—fought these negotiations with courthouse-gang wiles. In the Valley's chief cities Commonwealth and Southern subsidiaries took an active, scarcely disguised part in local elections where municipal ownership was at issue. The utilities won in Birmingham but lost in Chattanooga and Knoxville.

What happened in Chattanooga is one of the ugliest parts of the Willkie-TVA record. In that city George Fort Milton, editor of The Chattanooga News, had long been an advocate of publicly owned power. A year after the TVA was started, he opened a campaign for cheap municipal electricity. He was fought furiously by the Tennessee Electric Power Company, a Willkie-Commonwealth and Southern subsidiary. The company contributed $20,000 to a Citizens' and Taxpayers' League, which suddenly appeared to oppose Milton. In order to permit employees to vote in the local election, the Willkie company arranged to have two pieces of real estate transferred to more than a hundred of them. On election day, whiskey, admittedly bought by the power interests, flowed freely near the polls. But Milton's campaign was effective; the people voted for municipal power by three to one.

Thereupon the Willkie company decided to get Milton by whatever means it could. A new paper appeared in Chattanooga to compete with the News. It was The Chattanooga Free Press, previously a free semi-weekly "throwaway sheet," distributed to advertise a chain of groceries. The Willkie company took its advertising out of the News and poured it into the Free Press and the pro-utility Chattanooga Times, owned by The New York Times. In three years the two friendly papers got more than $90,000 in advertising; the Milton paper got only $240. In The Free Press an abnormally high rate was paid, two and a half times as high as that charged other comparable advertisers. The Tennessee Railroad and Public Utilities Commission described this as "a method whereby the newspaper was enabled to receive money from the power company." The Free Press was also allowed to become delinquent on its light bill to the tune of thousands of dollars. The bill was never paid until Senator Norris suggested in the United States Senate that an investigation might be made of utility propaganda against public power. With frantic haste, The Free Press then paid its bill. It got a five-percent discount from the Willkie company for prompt payment—more than a year late. Try to get that discount on your household bill under the same circumstances, and see what happens to you.

Partly because of this deliberate discrimination by the Willkie company, and partly for other reasons, The Chattanooga News was forced to suspend publication. But the utilities were not to have everything their own way in Chattanooga. Mr. Milton promptly started a new paper, The Evening Tribune, to carry on the fight, and it is fighting still, against odds but with no little success.

Another stiff battle occurred between TVA and Commonwealth and Southern over rural power lines. Before the advent of TVA, farmers had not only had high rates, but had been charged almost prohibitive installation costs. The TVA had been especially commissioned to bring electricity to farm homes and encourage the formation of rural power coöperatives. Out of nowhere, salesmen from the Commonwealth and Southern companies appeared on the country back roads, followed by construction crews. What amounted to spite power lines criss-crossed territory where farmers had shown a disposition to buy from TVA. In many cases, even after cities and rural districts had voted to accept TVA contracts, the contest did not end. The utilities, or their sympathizers, took to the local courts, and injunctions, or the threat of them, delayed action for months and years.

A good illustration of what was done is the action of the Willkie-Georgia Power Company. At the beginning of 1935, the farmers in northeast Georgia had been trying vainly for years to get electric power. The company either refused service or demanded impossible terms. Thereupon the farmers planned to set up their own coöperative, rural distributing lines.

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The Georgia Power Company deliberately sabotaged this effort. According to a sworn statement in the court case of the TVA *v.* the Tennessee Electric Power Company, agents of the Willkie concern swarmed through the region making false and misleading statements about the nature of the coöperative undertaking and tried to frighten the farmers from joining. When work was begun on the lines of the coöperatives, the Georgia Power Company sent big crews of workmen into the area and began to build "spite lines" on an immense and systematic scale. Extremely high poles were set at road intersections immediately in front of lines that were being constructed for the coöperative. Wires were strung between the utility company's poles in an effort to block construction. At the same time, injunction proceedings were sought in the courts. When these failed, according to the testimony of T. R. Hunnicutt, a divisional manager of the TVA:

> . . . the Georgia Power Company proceeded to construct short, disjointed lines in many portions of the area which the coöperatives proposed to serve, in many cases setting poles and even stringing service wires to residences, without the consent and against the orders of the owners of the property. . . . These tactics were obviously designed to take advantage of the policy of the Tennessee Valley Authority and the Rural Electrification Administration to avoid financing lines which duplicate existing lines of the private power companies.

What some of the residents of the locality thought of these proceedings is shown by a news item in The Chattanooga News.

> With a loaded .22-caliber rifle in her hand, Mrs. A. M. Tate faced a group of Georgia Power Company linemen in her front yard one day last week.
>
> "Come down out of that tree," she called. "No one gave you permission to cut those limbs off."
>
> She waved her gun and a lineman scurried down the trunk. Another who had been standing at the foot of the big hickory hopped over the fence out of the yard.

That was in Catoosa, Georgia. In the same place, farmers burned two miles of spite lines put up by the power company. When the company advertised a reward for the arrest of the culprits a spokesman for the farmers said:

> We are not out to do anything violent. We'll let the line stay if it doesn't interfere with our TVA lines. But if it is against the law to parallel our lines with that one, if it's put in there just to defeat us, we'll take it down. It's on our property and it has no right to be there.
>
> We know we are right, and we are not afraid of going to the chain gang, to the penitentiary or anywhere else.

At times the Willkie companies, when they learned that a coöperative line was about to be built, rushed in crews to work day and night constructing parallel lines. In Wilson County, Tennessee, in 1936,

> . . . the power company's workmen built a line right along and beside [the coöperative's], some of the poles touching and the next day strung wires on their poles. After this wire was strung, the workmen came . . . and energized the line, although they did not at that time and have not until this day a single customer.

In August of 1936, the Tennessee Electric Power Company brought a crew of men into the town of Gladeville and set four or five poles in each direction, north, south, east and west; at this time the Tepco did not have a source of power within a distance of twelve miles from Gladeville.

At other times representatives of the Tepco used guile instead of force. Here is a final affidavit sworn to by John Buckner of Franklin County:

> About two weeks ago, on or about November 5, 1935, two men who represented themselves as being employees of the Tennessee Power Company and who are known to be such by my wife, came to my house and asked me and my wife to sign to take electricity from the Tennessee Power Company. I told them that I had already signed an agreement with the TVA to take their power, but these two men told me that the Tennessee Power Company had bought out the TVA and that the TVA was not now going to run their lines through Franklin county. They also told me that they would wire my house free of charge if I would sign their contract. Upon this representation of the men who represented the Tennessee Power Company I signed their contract for current.

Throughout all this period, Mr. Willkie carried on a propaganda war against the TVA. His most substantial claim in his own defense was that he, a private-utility operator, had reduced rates—although not as far as the TVA—and increased power consumption. There is this much truth in the claim that, at the time it was bought out by TVA, Tepco's rates were lower, and its per-capita sales higher, than any other private utility in the country. TVA advocates of course insist that Tepco's policies were less the consequence of Mr. Willkie's industrial statemanship than of TVA's "yardstick" competition.

Before TVA was created, the Commonwealth and Southern subsidiaries had shown an exceedingly moderate interest in reducing their charges. However, as has been said, Mr. Willkie did not become the Commonwealth and Southern president until 1933. He can perhaps claim that, if he had been, he would have pursued other policies. But, after the Commonwealth and Southern companies made their initial cuts to ward off TVA's then potential competition, Mr. Willkie was ready to call quits. In The Chattanooga News, May 22, 1936, he declared: "Years prior to the existence of the TVA, the Southern companies began a progressive reduction of their rates. But further rate reductions will be difficult to achieve because the threat of TVA compels the companies to pay high interest rates on their capital requirements." Yet it is a fact of record

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that since then, under TVA pressure, the three chief utilities of the area have reduced rates by a further 30 percent and increased sales by nearly 40 percent.

One solid fact to remember is that Mr. Willkie reduced the rates of the Commonwealth and Southern subsidiaries that are in direct competition with TVA sooner and farther than the others. A second fact is that his companies in the South are making money at the new low rates, which suggests that there must have been something funny about the earlier ones.

In 1933, the average rate throughout the United States per kilowatt hour was 5.49 cents. Four years later it had gone down only 1.1 cents to 4.39 cents. The rate of the Tennessee Electric Power Company, where TVA is a strong factor went down from 5.77 to 2.86. The Georgia Power Company went down from 5.16 to 3.04 and the Alabama Power Company from 4.62 to 2.97. The TVA rate did not exist in 1933, but in 1937 it was two cents.

The increase in consumption of electricity over that same period is interesting. In those four years the United States average went up from 595 kilowatt hours per year to 793. The Tennessee Electric Power Company more than doubled, from 612 to 1,353. The Georgia Power Company went from 803 to 1,313 and the Alabama Power Company from 793 to 1,289. The TVA, which was not selling in 1933, by 1937 had the highest average consumption of all, 1,465.

Mr. Willkie's wisecrack, that he and Mr. Roosevelt both took office about the same time, that the government got deeper and deeper into the red while he had put C. and S. on its feet, could hardly be a more complete misstatement of the facts. The record shows that it was TVA competition which forced down the rates of the private companies in the same area and that forcing down the rates produced a tremendous expansion of current consumed. It was Mr. Roosevelt who forced Mr. Willkie into sound business policies against Mr. Willkie's own judgment, and at first only in the territory of direct TVA competition.

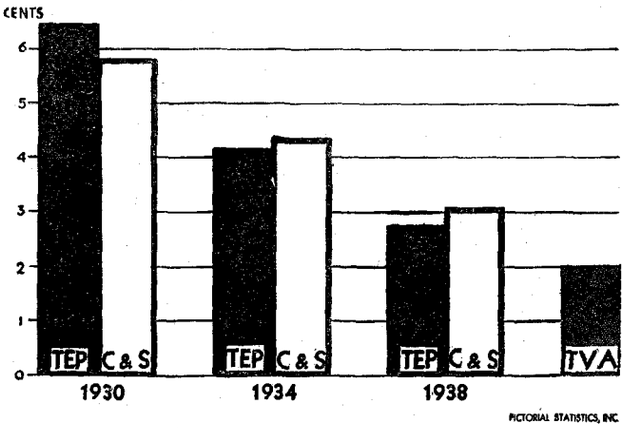
Meanwhile, Mr. Willkie's operating company in Michigan, Consumers' Power, was fighting the rural coöperatives that were formed to obtain the benefits of the Rural Electrification Administration. Joseph M. Donnelly of the Michigan Public Utilities Commission told part of the story over the radio in January, 1938. He said:

> The aim of the Rural Electrification Administration is for the coöperatives to buy from the private utilities or municipal plants, the electric energy needed for retailing to their members. Michigan is one of the nine states in the Union where most of the private utilities have not as yet coöperated in rural development to the extent of offering electricity to the coöperatives at satisfactory rates. And the consequence has been that some of the funds allotted to these coöperatives that would have been available for line construction are being used for building generating plants.

The role of Consumers Power was even more specifically revealed in the special investigation of Republican State Senator Earl W. Munshaw. Senator Munshaw, as the Detroit Times of July 16, 1938, reported, was found to be receiving "legal fees" from Consumers Power at the very time that "the public utilities committee, of which he was a member, was busy pigeonholing and killing several utility-reform measures which had aroused the opposition of the Consumers Power Company." The Times reported further that one of the measures killed was "a bill affecting Consumers Power which would have aided the expansion of publicly owned rural electric coöperatives."

In April, 1939, Mr. Willkie's war against the TVA reached a temporary truce when, soon after the Supreme Court upheld the constitutionality of TVA, he agreed to sell the Tennessee Electric Power's properties. The truce cannot be considered a permanent peace, since recent political happenings show that neither of the two other Commonwealth and Southern subsidiaries in the area, the Georgia and Alabama companies, is reconciled to the TVA or the New Deal. The Tennessee company sale, perhaps more than anything else, established Mr. Willkie's present national reputation. While Mr. Willkie has stayed modestly silent, his friends have boasted that he out-traded Mr. Lilienthal, that he bested the government, that the TVA's willingness to pay what it did proved the rightness of Mr. Willkie's position.

According to the record, however, the purchase negotiations were not at all a swift, smooth, Willkie triumph. Mr. Willkie repeatedly interrupted them; on several occasions he is supposed to have stamped from the room in undisguised anger. His asking price was more than $100,000,000. Mr. Lilienthal's first offer was $55,000,000, of which nearly $34,000,000 represented funds that municipalities and coöperatives had agreed to supply for the purchase of their local facilities. The price finally settled on between Mr. Willkie and Mr. Lilienthal was $79,600,000, which represented, if anything, a defeat for Mr. Willkie and a victory for the TVA.



The drawing shows average residential rates of the Tennessee Electric Power Company and of the Commonwealth and Southern entire system (including Tepco) at three successive periods. The influence of the TVA on Tepco rates after 1930 is obvious. The figure for the TVA is the average residential rate in 1937.

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Mr. Willkie and Labor

The least known part of Mr. Willkie's record is the relationship of his companies with organized labor. Some of the record of that relationship is set forth below.

WHAT ARE WENDELL L. WILLKIE'S views on labor and its right to organize freely and bargain collectively? While Willkie the candidate has yet to be heard on this issue, except for a few words in his acceptance speech, Willkie the utility president has already answered it—over a period of seven years and in terms that seem fairly conclusive. That answer is the labor record of the Commonwealth and Southern Corporation, the billion-dollar utility chain which Mr. Willkie headed until he became the Republican nominee. It is a record that must be giving his publicity men a terrific headache, for it is unmistakably anti-labor.

Significantly, a considerable part of the record is to be found in the files of the LaFollette Civil Liberties Committee and the National Labor Relations Board, where Commonwealth and Southern, through its various subsidiaries, appears quite often. Their testimony reveals that the utility has been extremely versatile in the range of its anti-labor activities: it has hired labor spies, bought tear-gas, promoted company unions, coerced and intimidated union employees (one was apparently even poisoned) and, in other ways, manifested hostility to the self-organization of its employees. It is a record marked by bitter strife, including several strikes, and revealing flagrant and repeated violations of employees' rights.

Such items unquestionably represent a serious liability for candidate Willkie, no matter how many nice things he may have to say about labor between now and November. This was made clear by President R. J. Thomas at the recent United Auto Workers' convention in St. Louis, when he described Mr. Willkie as "a streamlined version of Herbert Hoover—slicker, more clever and more charming, but underneath his synthetic build-up there is still the mind and outlook of a public-utilities manipulator and an enemy of labor." The auto workers in Michigan have helped the employees of Willkie's Consumers Power Company fight a Willkie company union and win three strikes during the past three years. So Mr. Thomas is in a position to know whereof he speaks. President William Green of the AFL finds Mr. Willkie's labor record satisfactory, but this is sharply disputed by the AFL in Alabama where the NLRB ordered the Alabama Power Company last December to disband a company union. President A. H. Liston of the Montgomery Central Labor Union reports that "Alabama Power has always fought unions" and adds, "I don't think labor has any use for Mr. Willkie."

The Willkie publicity build-up has stressed his liberalism and his devotion to civil liberties, but there is some rather disturbing evidence to the contrary. There is, of course, the extraordinary off-the-record speech that Mr. Willkie made in Washington, prior to his nomination, in which he spoke so glowingly of rule by the financial and industrial élite and so disparagingly of labor that many reporters present thought they were listening to a virtual endorsement of fascism. More specifically, however, there is the evidence of the LaFollette investigation, in which seven of the ten Commonwealth subsidiaries turn up as clients of the notorious labor-spy agencies that specialize in the destruction of labor's rights and liberties.

In the period covered by the LaFollette report, 1934-36, one finds that Willkie's Georgia Power Company spent more than $31,000 on labor spies from Pinkerton's which also serviced Alabama Power. Central Illinois Light was a customer of the Lake Erie Chemical Company, specialists in industrial warfare, purchasing nearly $500 worth of tear-gas guns and shells. The Corporation Auxiliary Company—the largest espionage agency devoted solely to industrial work and a kind of holding company itself—numbered among its clients three Willkie companies: Consumers Power of Michigan, Ohio Edison and Pennsylvania Power. Southern Indiana Gas and Electric did business with the Railway Audit and Inspection Bureau, which also had Pennsylvania Power as a client. The LaFollette Committee was unable to learn the amount of money spent in a number of instances and, of course, the picture may be incomplete in other respects, since many firms and agencies destroyed their records to conceal their activities. The least that can be said is that the record of Mr. Willkie's companies, as revealed by testimony before the committee, is in striking disagreement with a statement he made at Town Hall in the course of a debate with Attorney General Jackson:

> Being a member of big business who never hired a labor spy in my life, I don't know the motive that actuates either a big or a little business [that hires one] and I would repudiate the act by both big business and little business.

In 1936, Willkie's Ohio Edison (with Mr. Willkie himself Chairman of the Board) joined in the anti-union fight of the Mahoning Valley Industrial Council, an organization of reactionary industrialists then engaged in trying to prevent organization among the steel workers of Youngstown. The utility secretly helped the Council underwrite a series of "spontane-

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ous" newspaper advertisements that supposedly gave expression to the public's desire for industrial "harmony" and, in effect, warned the steel workers to "Stop, Look, and Listen" before doing anything so rash as joining the CIO and fighting for better working conditions. It was not until the La Follette investigation that Youngstown newspaper readers learned that this campaign had been paid for by industry. That fact had been very carefully concealed by having the advertisements "sponsored" by an innocent-looking "Civic Affairs Committee," specially set up for the purpose. This committee, composed of various civic leaders who lent their names but did not contribute a cent, was designed to make the message in the advertising seem not only spontaneous but, even more important, genuinely disinterested. Ohio Edison contributed $500 to this gross deception of the Youngstown public.

On the question of unfair labor practices, the National Labor Relations Board has brought two Willkie subsidiaries—Consumers Power and Alabama Power—to trial and found them both guilty of interfering with the rights of their employees. The story of Consumers Power, where Mr. Willkie was himself Chairman of the Board, is worth reviewing in some detail.

Paradoxically enough, in 1937 Wendell Willkie negotiated and signed a contract with John L. Lewis for the employees of Consumers Power, which gave him the distinction of being the first big utility man to sign with the CIO. Willkie boosters like to emphasize this, at least in canvassing CIO votes, but what they usually fail to stress is the fact that it required a strike—which stopped electric service for several hours in a number of Michigan cities—to get Wendell Willkie's signature on the contract. For Consumers Power had flatly refused to recognize or bargain with the CIO until the employees walked out. The event therefore conferred another distinction on Mr. Willkie; he was the first big utility man to have a CIO strike.

The contract had scarcely been signed, however, before Consumers Power launched a determined anti-CIO offensive. This continued unrelentingly right up to the day the Republicans picked Mr. Willkie, when, by coincidence, the management suddenly began acting with a sweet reasonableness such as Michigan and the CIO have not seen in years.

The offensive against the CIO was twofold. CIO members were spied upon, coerced, intimidated and demoted—while the management proceeded secretly to promote a company union. Employees received form letters denouncing the CIO and AFL as "outside" organizations whose interests were "mainly of a pecuniary nature." The employees were warned against such influences and urged, instead, to "band themselves together in a solid, loyal and truly representative employees' organization free of any outside influence." Obviously, as the Labor Board later found, this heralded the birth of one of Wendell Willkie's company unions.

Meanwhile, those employees who failed to join or continued to go to CIO meetings began to have strange things happen to them. Nyles M. Sowle, for example, had his lunch box filled with grease while he was at work. A day later, his sandwiches were poisoned—something he did not discover, of course, until he had partially eaten one, when he became so ill he had to be under a doctor's care for several weeks. The company "apologized" for this and assured the CIO that the foreman responsible—one Myles Beattie—had been duly punished by being laid off for a week. However, the NLRB's subsequent examination of the company's payroll records revealed that Foreman Beattie had actually been rewarded, with a week's vacation with pay. Others—highly skilled electricians and linemen—suddenly found themselves demoted or exiled to the company's "poleyard," where they were put to such disagreeable tasks as creosoting poles or cleaning insects from street-light globes.

The NLRB, in a decision upheld last month by the United States Circuit Court of Appeals, finally called a halt to such coercion and intimidation, which it declared to be part of a deliberate campaign by Consumers Power against the CIO and in favor of its company union. The Board, and now the Court, ordered Consumers Power to cease its promotion of an illegal labor organization and to show a decent respect for the rights of its employees.

In its maneuvers to frustrate collective bargaining, Consumers Power stubbornly refused to renew its agreement with the CIO in 1938. A second strike resulted. This was settled by a new agreement, and then Consumers Power repeated the same performance last year. The CIO had won a plurality in a Labor Board election, but the usual run-off election was blocked by an injunction brought against the Board by the AFL's Brotherhood of Electrical Workers, which had been eliminated on the first ballot. Pending the lengthy court determination of the Board's powers, the CIO proposed that the company meet and settle grievances with each group separately for its own members. Both the company and the AFL rejected the proposal. Finally, after months in which there was no agreement and no grievance machinery to protect its members from the increasing discrimination of the company, the Utility Workers went on strike a third time. It was during this strike, which lasted several weeks, that Chairman Arthur E. Rabb of the Michigan State Labor Board denounced Consumers Power as being entirely to blame for the failure to reach an agreement.

A satisfactory settlement was finally agreed upon but Consumers Power quickly found a way to evade it. Shortly after the end of the strike, a number of employees were indicted for alleged sabotage committed during the strike. By a remarkable coincidence, those indicted included the chairman and members of the

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UWOC's statewide grievance committee. The Company immediately suspended them and then used their suspension as a pretext for refusing to meet with them further on any union or employee matters. Since the grievance-committee provisions represented the most vital part of the strike settlement, the Consumers Power by this maneuver made the agreement virtually meaningless.

Since Mr. Willkie's nomination, meetings between the CIO and Consumers Power on grievance matters have been resumed. But whether this came about through the Labor Board, Mr. Willkie's nomination or the fact that the employees were talking of going on strike a fourth time would be difficult to say.

In other subsidiaries of Willkie's Commonwealth, there is also clear-cut evidence of management opposition to collective bargaining. In two—Southern Indiana Gas and Alabama Power—company unions have been outlawed. The management of Ohio Edison, while it has not resorted to the flagrant unfair labor practices of Consumers Power, has none the less rejected genuine collective bargaining. The CIO has been organized there since 1937, but it has never obtained a contract. The company has met with the union and issued "statements of policy" but has refused to sign a contract, which the NLRB holds to be an essential part of genuine collective bargaining.

As against this extensive record of denial of labor rights, by overt acts and otherwise, the AFL reports two contracts with Commonwealth subsidiaries. There is evidence, however, that at least one of these—with Georgia Power—may be the result of something more than just a pure desire by the management to practise real collective bargaining. A special correspondent of the New York newspaper PM reports that President Preston K. Arkwright of Georgia Power "developed an unusually warm and thorough tie-up with the AFL to have assistance in fighting the TVA."

Between now and November, candidate Willkie will no doubt state his views on labor more precisely than he has thus far done. But organized labor is likely to scrutinize the record more closely than the speeches. For in labor relations, actions count more than words: how an employer has actually behaved in dealing with his employees and their union is a far safer guide to his real attitude on labor's rights than anything he may say in self-serving declarations that he may be called upon to make.

Mr. Willkie in His Own Words

For the past few months, Mr. Willkie has been talking in public as a possible presidential candidate. What were his views before he began to run for office?

WAS IT THE NEW FACE, the large head, the tousled hair, the carefully nurtured impression of opposition by politicians, that engendered the sudden enthusiasm for the Republican presidential candidate? Or was it knowledge and approval of his views about government? Ask the next man you meet what Willkie's program is. The chances are he doesn't know, or can express it only in the vaguest of generalities. It is important to review Mr. Willkie's public statements, especially those made before he began to seek elective office. He is intelligent and highly vocal, and what he has said and written ought to give us a hint of the sort of President he would make.

In doing so it is scarcely necessary to go back of his entrance into the field of national politics when, on January 25, 1933, he was elected president of the Commonwealth and Southern, a large utility holding company. He had been its general counsel since 1929, as a member of the firm of Weadock and Willkie in New York. These were, in the most literal sense, political jobs. Mr. Willkie was not, of course, an engineer or a man of any technical training whatever in the production and distribution of goods or the management of industry. He was not even a business man. He was a lawyer of the type ordinarily chosen to represent huge interests in dealing with courts, commissions, legislators and the public. Skill in juggling verbal formulas and in handling persons are the requirements for such a job. This office was as much an exercise of politics as it is to be representative of a district or a state in Congress. It involved the whole field of public relations, and very little else.

He began cleverly. The TVA was inevitable; he could not prevent its operations and to carry on a frontal assault would have been suicidal. In May, 1933, he offered to buy power from its generating stations, at the same time promising to charge consumers "rates which will give full recognition to any savings made by the government in the cost of generation." He had previously testified before the Military Affairs Committee of the House that his corporation and its subsidiaries, "representing the largest investment in the Tennessee Valley, are in favor of the administration's program for the development of that valley." It looked as if here at last were a reasonable utility man. But at the same time he revealed his strategy by saying that his companies wanted no transmission lines or distribution systems built by the government and hoped they would not be. This was the heart of the matter, but a difficult technical point for the general public. There is little profit in mere generation of electricity; its cost is low in any event and public ownership cannot make

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great savings in it. It is in transmission, and particularly in distribution to the consumer, that the big spread comes, and it is here that rates are most affected. Without control over distribution, public ownership cannot exert its major influence. Mr. Willkie was not taking much of a chance in offering to pass on any savings made in generation.

Mr. Willkie carried on in a statement published November 20, 1934, when he declared that if private utility systems received the same governmental assistance that was given to the TVA, they could charge lower rates than the TVA. And he took the occasion to oppose public ownership of distribution systems when he said the President was "obviously misinformed" in a speech praising the municipal system at Tupelo, Mississippi. The low rates there existing, he implied, were due to the fact that the system paid no taxes. This argument has for years been iterated and reiterated by utility spokesmen in spite of the well established fact that taxes are a minor element in cost and can have little effect on rates.

As it became clear that the experiment in public power was to include transmission and distribution as well as generation, Mr. Willkie warmed to his major theme. Government competition, he never tired of insisting, was driving the private companies out of business, and it was unfair competition because it was subsidized.

In a speech to the Investment Bankers Association in October, 1934, attacking the TVA, he warned, "If the government continues to build or finance duplicate electric systems, the fate of 90 percent of the securities of the electric utility operating companies cannot be foretold."

In spite of the complaints of competition from public ownership, however, the same speech scoffed at the strength of the competitors. Of 3,900 municipal plants which had been established in this country, he said, only 1,800 remained in operation. Where they operated, he alleged, their average rate had been 15 percent higher than the rate of private companies. One would think he would not be much afraid of such a rival. But these figures lack specific meaning. Had the citizens of 2,100 cities with publicly owned power, disgusted with municipal operation, decided to scrap their plants? Or perhaps had the public competition brought the private companies to terms so that a fair offer was made and accepted? Or—perish the thought—may some of the public plants have been disposed of by means of political or legal chicanery?

And, in the rate comparison, is Mr. Willkie comparing public rates in small or rural communities with private rates in heavily settled communities? Or, if he is comparing public rates with private rates in the same communities, what about the effect of competition? A fair test would be of public rates with private rates in other, but comparable, communities where public power does not exist. Such comparisons have many times indicated the relative cheapness of public power. Another vagueness in the statement is that "average" rate. It includes not only the rate to you and me but the rate to great industrial concerns. One of the many complaints about the rate structures of the private utilities is that they discriminate in favor of industrial users, while you and I have to pay the freight.

In addition to his relentless and reiterated attacks on the TVA for competing unfairly with private business and squandering the taxpayer's money, Mr. Willkie spared no effort to defeat the Wheeler-Rayburn bill and obstruct its operation after it was passed. This bill was designed to prevent further holding-company abuses and fleecing of stockholders and consumers. Among other things it set up standards for holding-company structures, and compelled the reorganization of those higher in the pyramid which had no geographical consistency or genuine function. The line of the President of the Commonwealth and Southern on this bill was clever but a bit devious. He admitted that there had been abuses, but asserted that the Commonwealth and Southern had not been guilty of them, yet authorized the sending of letters to all stockholders of his companies urging them to attack both this bill and the TVA. He participated in the Liberty League campaign against the administration on this ground. The burden of his argument was exactly the same as that of all the other utility holding companies, including the bad ones. Before a congressional committee he said that the value of utility securities had dropped $3,500,000,000 since January, 1933, due to the government's anti-holding-company campaign. This reversal of truth has often been exposed; it held that the attempt to remedy the speculative excesses, rather than the excesses themselves, had caused the loss.

But he was shrewd enough to offer a substitute bill, from which the teeth had been extracted. A major extraction was to take the duty of regulating interstate wholesale-power rates from federal authorities and confer it upon "interstate power boards, composed principally of the state commissioners concerned." The utilities had long ago brought many of the state commissioners into line.

After the Wheeler-Rayburn bill was passed, with moderating amendments resulting from the hearings, the Commonwealth and Southern refused to obey it by registering with the Securities and Exchange Commission. In a statement to the stockholders he explained this action by saying he was protecting their rights against "an unconstitutional process of control and destruction." (The Supreme Court later upheld the constitutionality of the law.) Subsequently he argued that this legislation was preventing the utilities from investing new billions of dollars and so increasing employment.

The history of his dealings with TVA is told in

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another article, but it is interesting to note how much more adept he was in making a good case than in candid interpretation of the facts. In a letter to stockholders of the Commonwealth and Southern in February, 1934, he spoke of "the continued political propaganda, which has created a constant ferment for the lowering of rates when no operating companies of the Commonwealth and Southern system are earning a fair rate of return on the fair value of their property devoted to public use." The rates of these companies were nevertheless reduced continually and substantially, as a result of the governmental competition which Mr. Willkie attacked as unfair and confiscatory. Yet in January, 1938, Mr. Lilienthal pointed out that every one of them was doing more business and making more net earnings than in 1933. The Tennessee Electric Power Company, at the heart of the TVA territory, had increased its net earnings 34 percent since 1933. In an interview in The New York Times Magazine a month later Mr. Willkie made a generous admission. "By nature and upbringing I am a liberal. I am strongly in favor of government supervision of all utilities for I am willing to confess that low rates and many other reforms have been brought about by government action." Later he superbly twisted the results to his own purposes. In a speech in Somerville, New Jersey, in May, 1940, he boasted, "The record will show that during my term of office I have reduced the rate and increased consumption, while the President, entering office with 10,000,000 unemployed has spent $60,000,000,000 and still has 10,000,000 unemployed."

It may be irrelevant to the present purpose to inquire whether Mr. Willkie had succeeded in the man-size job which he had accepted to defend the big utilities. In one sense he had, for his companies made more money than ever, and one of them was finally bought by the TVA for a fair, even a generous price. Yet Mr. Willkie had fought at every turn the governmental policies of reducing rates and increasing use which had brought about these results. On the other hand, both the TVA and the Wheeler-Rayburn bill, which he had opposed, had been upheld by the Supreme Court, and the principles embodied in them had begun to be effectuated in practice. The chance for big gambling in utility speculation was, for the time being at any rate, definitely over. It could not be restored without a change in administration. Mr. Willkie transferred his duel against Mr. Roosevelt to a larger field, and decided to run for President.

The broader political views expressed by him in this role have a strong family resemblance to those he had held as utility spokesman, though some of them are disguised by dark glasses and false beards.

There are three main themes, simple and insistently developed, all intended to rehabilitate the reputation of big business and preserve its power against governmental competition or regulation. One is that the drive for social control in the interest of consumers, labor and farmers is not really desired by the people, but is motivated by hatred and greed for power on the part of politicians. What we must fear is not big business, but big government. The second is that the great depression and the sufferings that it caused were not so much the result of business or financial practices as of governmental interference with business. The third is that the essence of liberty is free enterprise and that the foundation of civilization is the profit motive. In all this he is careful to slur over any distinction between great and centrally controlled monopolies and the enterprise of small concerns or individuals. A few quotations under each head will illustrate his approach.

1. In December, 1928, he had declared before a Round Table Forum at the Town Hall Club, as reported by The New York Times, that "he himself was possessed of no greed for money, but that those in office were possessed of greed for power. He offered the suggestion that it was no worse for a utility holding company to own two operating companies in different states than it was for the President to have landed

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estates in New York and Georgia." In a speech in April, 1936, over the CBS network, he said, "The so-called 'death-sentence' to utility holding companies had been presented by politicians in answer to a plan of utilities to spend $3,500,000,000 for capital reconstruction . . . the price which the American people has paid in order that the politicians could thus enjoy and exercise their hatreds has been incalculable. One essential part of that price is the existing unemployment."

Success of the drive for public control of power would, he said in The New York Times Sunday Magazine, October 31, 1937, "eventually enable a governmental bureaucracy to climb to the driving seat of all industry." In the same article, referring to Senator Norris's bill for six more regional conservation authorities, he wrote, "If the farmer's youngsters wanted to build a springboard or a float at the old swimming hole, that would be out, unless permission were given by a bureaucrat on the public payroll. . . . Having roped the business men in one direction, they tossed their loop in another direction to catch the farmers." In his Town Hall debate with Robert H. Jackson he declared, "The fact of the matter is that small business and big business prosper under exactly the same conditions. . . . After all, a large corporation is simply, as a rule, a corporation in which the interest is divided among a great number of stockholders." He protested against the use of such "catch-words as economic royalists, Bourbons, moneyed aristocrats, banker control and holding companies."

In a speech at the Daily Princetonian Alumni Association dinner in January, 1939, he said that as a young man he had fought big business to protect the liberty of the citizens against its domination, but now "I am fighting to protect the people by defending business against government. . . . Liberalism today means protecting the liberties of the people against the domination of big government." "For a while," he said, in Toledo in March, 1940, "I hoped that the New Deal would replace it (the condition of the 1920's) with a truly liberal faith. . . . But the leaders seem to be motivated not by love, but by hate. They preferred to punish rather than to reform." In an article published in the Saturday Evening Post of December 30, 1939 (and previously rejected by The New Republic) he accused the New Deal of being motivated by hatred, not love of fellow men, and contrasted it in that respect with the magnanimity of Washington, Lee and Lincoln. The reason the New Deal reforms, though good in purpose, went wrong, was that they were inspired by hate. Here as elsewhere he pictured himself as an innocent victim of unfair government competition.

2. Mr. Willkie's second theme is that government, not business, is to blame for the depression. Here again one can quote from his speeches and public articles.

In his radio speech in 1936 he asserted that though politicians had sought to lay the entire blame for the depression on business men, if the former had been content with "safe regulation" the country "would have surmounted most of its economic difficulties." "The real cure for depression," he insisted in his Town Hall Debate, "consists in convincing millions of small investors throughout America that the government does not intend to continue its attack on American industry, big or little." In November, 1939, in a speech defending civil liberties, he rang in his favorite theme by declaring that the 10,000,000 unemployed could be put to work if restrictions were withdrawn from the free flow of capital. In April, 1940, he told the Boston Chamber of Commerce, "By its sinister rumors the government has created a government-made depression. . . . The politicians brewed a kind of witches' broth out of a pot of horror and smeared it all over American enterprise." And all this leads to his third point, about free enterprise and the profit motive.

3. In his Times article in October, 1937, he declared, "the profit-motive constitutes the incentive to human endeavor which makes industrial efficiency possible. Kept within reasonable bounds, spread among many stockholders, profit is the factor that has almost always made private business more efficient than government enterprise." Like the old anti-socialist debaters, he attacked the Post Office as inefficient because it didn't make a profit, though in a later interview in The Times he somewhat changed his tune by saying that if a corporation were to take over the Post Office, "this service would be as efficient as it is now and there would be no deficit." When it was revealed that his corporation had spent $20,000 to defeat municipal ownership in Chattanooga in 1935, he was reported by the Times (August 25, 1938) as regretting that it had not spent more. In June, 1939, speaking at the World's Fair, he attributed the greatness of this country to private enterprise, saying, "Those of us who now enjoy the benefits of this free enterprise should value it above anything else, even above security, above any of the new concepts that have been offered us to take its place."

Several times he has sought to prove his liberalism by support of civil liberties—yet the moral of such utterances is always that the liberties of private business should be respected. Attacking the Dies Committee, by inference, to the Columbia Alumni in November, 1938, he said that as vital to the democracy as the democratic process and civil liberties is free private enterprise. In his New Republic article denouncing governmental infringements of civil liberty he complained of the action of Congress in subpoenaing the telegrams of utility interests—by which investigation the fake telegrams intended to defeat the Wheeler-Rayburn bill had been discovered.

In his Des Moines speech in May, 1940, attacking the New Deal, he compared it to the French Popular Front government, which he blamed, in true conserva-

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tive style, for France's weakness. And a few days later, in his Somerville speech, he declared that the New Deal could not carry out the defense program and that the first task, before defense, was a fight to the end against the present administration.

Defense by unrestricted private enterprise, responding to the profit motive! That is what Mr. Willkie has seemed to offer us. He appeared even more definite in his acceptance speech, when he spoke of "outdistancing Hitler in any contest he chooses in 1940 or after. And I promise you that, when we beat him, we shall beat him on our own terms and in the American way." "The American way" in Mr. Willkie's phraseology means through the operations of private business, and his statement is certainly something to think about.

In previous years, Mr. Willkie had many times admitted the necessity of social legislation, though he usually attacked the particular law under discussion.

In his acceptance speech, he endorsed many of the individual activities of the New Deal, but repudiated its underlying philosophy. He pledged his adherence to the doctrine that business needs a minimum of control and a maximum of opportunity. He agreed with the Roosevelt administration on the desirability of aiding Great Britain to resist Hitler, and recommended selective military service.

The essence of his position, on the face of the words he has spoken, is that of the economic liberalism of a century ago, when there were no great corporations, when finance capitalism was unheard of, when government was supposed to be the chief tyrant, and when it was generally believed that all would be for the best in the best of possible worlds if private enterprise (under competition) and capital accumulation were allowed a free hand. His adept statement of this thesis, his ability to put it across with his winning smile, is what makes the beneficiaries and practitioners of a business culture rise to cheer him in the movie houses. At last they have found someone who can get off the old gags as if they were fresh and vital. Century-old liberalism is a good screen for the dominance of 1940 big business, and that, behind the words, is what Mr. Willkie has really been seeing.

Since Mr. Willkie is a well educated, intelligent and quick-witted man, and had a keener insight in his younger days, there are those who suspect that he really knows better, and that faced with different responsibilities he will adjust his opinions to the realities. But to adopt such a view is hardly complimentary to his sincerity. For it would indicate that all the time he has been merely a slick super-salesman with his tongue in his cheek, hiring himself out to the highest bidder.

Edison Institute Ethics

One serious criticism of Mr. Willkie has to do with the code of ethics of the public-utility industry as a whole. During the decade before he became president of Commonwealth and Southern that industry engaged in an extraordinary and highly discreditable campaign to discourage the idea of publicly owned power throughout the United States. Newspaper publishers were bribed with large advertising accounts, for which there was no economic justification, and were then incited to attack public ownership in editorials, many of which the utilities men obligingly wrote for them. School principals were offered free textbooks, well written and reasonable except on this one subject. College professors of economics were bribed with annual retainers of several hundred dollars, supposedly given for "advice" which, however, was never requested. The climax came when a fund of many millions of dollars was earmarked for secret purchase of a controlling interest in twelve or fifteen of the biggest daily newspapers in the United States—a plan that was stopped only because of untimely exposure by the Federal Trade Commission.

During this same period the utilities also indulged in an orgy of unsound financing. Holding companies were pyramided one upon the other. Huge sums in securities were printed and sold to the public to enrich the small ring of inside speculators. These securities bore little or no relation to the earning power of the companies and were usually misrepresented as to their voting privileges. The growth and bursting of the Insull balloon was an extreme but not untypical example of what happened all over the country. Commonwealth and Southern issued 33,000,000 shares of common stock, which afterwards declined to about one-fifteenth of their 1929 value—a paper loss of three-quarters of a billion dollars.

It is a nice point whether Mr. Willkie has not owed the country some action beyond what has been seen. For seven years he has been one of the two or three top men in the industry; for three or four years its leading spokesman. He is a director of the Edison Electric Institute, which is merely the old National Electric Light Association under another name; the NELA did much of the dirty work for the industry in the wicked twenties. Many of the leading executives of the subsidiary companies of Commonwealth and Southern are the same men who engaged in the practices described above. So far as we can learn, there is no record that Mr. Willkie has ever tried to get any of these individuals removed from office, or to enforce guarantees that they will not return to their old habits the first time a good opportunity is afforded.

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Not only did Mr. Willkie fail to show any public conscience regarding earlier sins of the public-utility industry, but his company participated up to the hilt in propaganda activities after he had become president. The lobbying committee of the Committee of Public Utility Executives, organized in February, 1935, to fight the Holding Company Act, had Willkie as one of its members and Commonwealth and Southern as one of the participating companies. The desperate lobbying done by the utility companies, the barrage of telegrams, some of them fakes, the individuals summoned from all over the country to bring pressure to bear on the members of Congress are still (we hope) fresh in the public mind. This committee admitted spending $350,000 on the effort to influence Congress, but this did not include the additional vast sums spent by individual holding companies separately in bringing people to Washington and for other purposes. Pressed to admit that all this money came from what consumers had paid for light and power, Philip H. Gadsden said truculently that since the money was earned under legal rates established by public-utility commissions, "it is our money after that, and we can do as we please about it."

Two big New York law firms, Sullivan and Cromwell, and Simpson, Thacher and Bartlett, received $75,000 each from the Edison Electric Institute for five months' work. Burnham Carter of the famous Ivy Lee firm got $5,000 a month for his particular services. In the general expenses, Commonwealth and Southern was the third largest contributor. It also on its own hook paid Joe Tumulty, Woodrow Wilson's one-time secretary, $12,500 for his special services, whatever they were. Mr. Willkie might well say, "all of this I saw, and part of this I was."

Naturally, a candidate for President will not go out of his way to present to the voters his own less attractive phases. He does, however, owe them an obligation not to offer a set of views which are in fact different from those by which he has been guided in the past and would continue to be guided if he were elected.

It is now fairly well known that the picture of Mr. Willkie presented to the public in the first six months of 1940 was at least partially a synthetic one. Some of the ablest press agents and advertising men in the United States were attracted to him early and they did a magnificent job, with his highly intelligent assistance, in offering to the people a tousle-headed farm boy from Indiana, a heroic fighter for civil liberties, instead of the hard-boiled magnate from Wall Street.

These experts included Russell Davenport, recently managing editor of Fortune; Robert L. Johnson, publisher of Promenade and a founder of Time; Fred Smith of Selvage and Smith, the publicity man who put over Bruce Barton for Congress; Bruce Barton himself, a highly able publicist; Harry M. Shackleford, advertising manager of the Johns-Manville Corporation, and Stanley Resor of the J. Walter Thompson Advertising Agency. Oren Root Jr., the smart young Wall Street lawyer who put classified advertisements in newspapers all over the country and thereby started Willkie-for-President Clubs, might well be added because of aptitude if not experience.

Whatever Mr. Willkie himself may be, the forces by which he is surrounded are those of American Big Business; in the White House he would probably be surprised to discover for the first time how fully he was their prisoner. It is a noteworthy fact that for the first time in American history, a big-corporation president has dared to offer himself directly as a candidate for the national presidency; always before, business felt it must operate through a political cat's-paw.

In 1932, the business community's confidence in itself was badly shaken—so much so that it only went through the motions of supporting Mr. Hoover's campaign. In 1936 it had recovered a little, but not much; the really big boys decided early that Landon was in for a licking and went back to their storm cellars. This year, however, business is feeling its oats. It is advancing under exactly the banners of 1928; it has learned nothing from the revolutionary forces that have swept the world in the past twelve years. It pretends to believe, and Mr. Willkie says, that we can turn the clock back and arrive again at the innocent and happy America of thirty years ago. But in fact what the business men propose is something a good deal different. They want control of America by "business men"—in effect, control by the largest manufacturing, utility and banking corporations. They don't want to oppress labor, but they want it to know who's boss. The day is long past when the country could afford any such development. In the world of 1940, and under the threat of aggression by the totalitarian states, such control would certainly mean the realities of fascism beneath the forms of democracy.

Mr. Willkie probably does not himself realize how completely this would be true. Remembering mankind's infinite capacity for self-deception, one assumes that he is convinced by some of his own oratory. No doubt he thinks of himself as a kindly, genial man, who would somehow be able to resolve the fundamental class conflicts that no one else has ever yet in any country in the world succeeded in resolving except by ruthlessly destroying the power of one or another of the contestants. But because Mr. Willkie is deceived about himself is no reason why other people should be deceived about him. In an election as important as this year's, the public ought to look beyond a man's words to his lifelong associations and deeds, which are a vital clue to his character, to the forces behind him and to the adequacy of his mental world to deal with the crushing realities by which he will certainly be confronted.

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